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NEWS SUMMARY

GENERAL

France back in court on lamb

The European Commission last night bowed to strong British Government pressure and took France back to the European Coutr of Justice because of its continuing curbs on imports of British lamb.

However it is understood the move was not taken without a heated exchange between Commission president Roy Jenkins and Finn Gundelach, the agricultural commissioner.

Mr. Gundelach was severely criticised for delaying a return to the court following its initial ruling last September that France was breaking the Treaty of Rome by blocking UK lamb imports.

Italian strike

More than 13m Italian workers will strike today in protest at the Government's failure to respond to demands for tax and welfare concessions. Page 2

Rome hijack

A man hijacked an Alitalia DC-9 jet on a flight from Rome to Tunis and demanded to go to Libya. The plane, with 89 people aboard, landed at Palermo, Sicily, after the captain said Tripoli airport was closed.

Gloomy picture

India's newly sworn in Prime Minister Indira Gandhi said she was assuming office in the wake of a severe drought, acute shortages and 18 months of strained industrial relations. "The overall picture of the economy is shocking," she said. Page 3

Tito problems

Doctors attending President Tito of Yugoslavia said the operation on blood vessels in his left leg had not been "as successful as hoped." However they added that the President, 87, was in good health.

Hostage hopes

Two ambassadors held hostage at the occupied Panamanian embassy in San Salvador may soon be released said their captors, members of the Left-wing February 28 Popular League, who occupied the embassy on Saturday. Page 4

Begin's warning

Israeli Prime Minister Begin, speaking to the British Conservative Friends of Israel in Jerusalem, said that any Palestinian state created in the Israeli-occupied West Bank and the Gaza Strip would soon become a Soviet satellite.

Meccano bid

The Maharishi Mahesh Yogi, who runs an international centre for transcendental meditation, plans to buy the Meccano factory in Liverpool, owned by Airfix Industries. Page 6

Kelly report

Pathologist Dr. John Torry, who conducted a post mortem into the death of 53-year-old Huyton labourer James Kelly who died last summer while in police custody, said in a report distributed to MPs that his injuries were consistent with "a severe beating."

Briefly ...

John Poulson, jailed for seven years on corruption charges in 1974, has been discharged from bankruptcy.

Two men died when their Army Air Corps light plane came down at the intersection of the M3 and the A30 near Basingstoke.

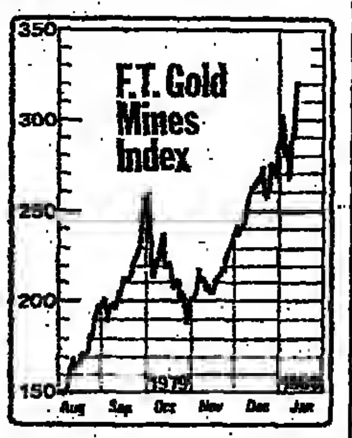
Armed raider was shot by police during a robbery on Worcester's main postal sorting office.

Three people were killed in road accidents in the North-west of England during freezing rain and ice.

BUSINESS

Equities rise 10.6; gold index rallies

● EQUITIES staged their biggest rise in a single day since last April, and the FT 30-share index rose 10.6 to 445.8. The Gold Mines Index jumped 25.7 to 320.6.



● GILTS were firm on heavy demand and quotations advanced progressively. The FT Government Securities index rose 1.03 to 67.83.

● GOLD rose $33 to a record $656.50 ($623.50) in London.

● STERLING gained 1.85 cents to $2.2760 ($2.2575) and its trade-weighted index rose to 71.4 (71.0).

● DOLLAR was little changed, its index remaining at 84.4. It closed at DM 1.7185 (DM 1.7210) and SwFr 1.5820 (SwFr 1.5830).

● WALL STREET was 5.89 higher at 864.42 shortly before the close.

● FOUR JAPANESE steel companies have sent representatives to Moscow to resume talks on the export of steel pipes to the USSR. Page 4

● JAPANESE commercial banks will probably remain absent from lending on the Eurocurrency market until the spring when the monetary authorities are expected to bring in new guidelines to regulate loans. Page 27

● INTERNATIONAL Air Transport Association meeting opens in Geneva today, and is expected to result in proposals to raise air fares to meet soaring fuel costs. Page 6

● CONSUMER RETAIL spending in December was disappointing for retailers, being broadly the same as in November, Department of Trade figures show. Back Page

● BRITISH FOOD and Drink Industries Council warns that food and drink companies face lower profits and growing cash-flow problems. Page 7

● NEW YORK has decided that it does not want BL's double-deck Atlantean buses following a three-year trial of eight vehicles. Page 4

LABOUR

● UNION LEADERS at BL Cars have decided to organise a ballot of the 90,000 workforce within two weeks on whether to accept the company's latest pay offer. Back Page

● BRITISH GAS has offered its 40,000 manual workers a pay increase of 13-16 per cent on basic rates. Page 8

COMPANIES

● KENNING MOTOR GROUP pre-tax profits rose slightly in the year to September 30, 1979, to £8.45m (£8.27m) but the directors warned of disappointing 1980 results. Page 22

● BOEING has had its most successful year ever in 1979 with sales worth over $8bn (£3.5bn) against 1978's $5.5bn (£2.4bn). Page 26

● NORSK HYDRO may be interested in taking over Statoil's stake in Norway's new Rafnes petrochemical complex. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Excheq. 11¼% 1984 £89⅞		+ 1⅛
Treas. 13¼% 2000-03 A £99⅞		+ 2¼
Associated Paper	46	+ 6
Bakers Household Stores	96	+ 11
Brentnall Beard	16	+ 4
Grand Metropolitan	143	+ 6
GUS A	380	+ 10
Hogg Robinson	94	+ 6
House of Fraser	116	+ 10
ICI	372	+ 6
Kelsey Inds.	120	+ 17
Kenning Motor	68½	+ 3
Ladbroke	140	+ 8
Land Secs.	280	+ 10
Lonrho	92	+ 6
Myson	84½	+ 5½
News International	151	+ 11
Provident Financial	100	+ 9
Restmor	92	+ 8
Stakis (Reo.)	52	+ 7
Supra	74	+ 5
Tate & Lyle	160	+ 10
Tilling (T.)	120	+ 8
United Engineering	102	+ 8
United Scientific	397	+ 17
Wimpey (G.)	69	+ 5
Aran Energy	300	+ 26
Central Pacific Minerals	£22½	+ 1½
Conzinc Riotinto	300	+ 30
Doornfontein	650	+ 130
Free State Geduld	£23	+ 2
Kloof Gold	£12½	+ 1¼
Loraine	352	+ 115
Messina	152	+ 14
Samantha	62	+ 12
Southvaal	£10½	+ 1½
Ventersspost	632	+ 123
Western Deep	£17½	+ 1½
FALLS		
Elliott (E.)	38	− 6
Kitchen Queen	28	− 6

U.S. calls on UN members to ignore Russian veto on Iran

BY DAVID BUCHAN IN WASHINGTON

The U.S. called yesterday on member-countries of the United Nations to disregard the Soviet Union's veto of a Security Council sanctions resolution on Iran, and to join with it in taking economic and diplomatic steps against the Tehran Government.

As Moscow cast its Sunday night veto, President Carter once more raised the spectre of the possible use of American military force to get the Tehran hostages freed when he said the U.S. would take "whatever action is required" to protect its interests.

In the same speech he castigated the Soviet Union for its invasion of Afghanistan.

Russia had cynically blocked with its veto the will of the clear majority of UN members on Iranian sanctions, the State Department said yesterday.

Thus the U.S. would, and other countries should, disregard Moscow's action in vetoing the resolution.

Sanctions against Iran were referred to in general terms in a December 31 Security Council resolution, spelt out in more detail in Sunday's vetoed resolution, and include a ban on exports to Iran, excluding food and medicine; curtailing diplomatic representation in Tehran; and financial measures.

The U.S. froze Iranian assets in its banking system two months ago, and is now looking to its European allies to ban exports to Iran and restrict Iran's financial operations in Europe as measures that could put the most effective fresh pressure on Iran.

Those allies are known to have agreed in principle to further financial measures, but, to have wanted a UN resolution as legal cover for imposing sanctions.

Britain and France both voted for sanctions in the UN Council.

Mr. Warren Christopher, the U.S. Deputy Secretary of State, is in European capitals this week to stiffen the response of allies, following the Soviet veto.

● Iran has ordered the immediate expulsion of about 100 U.S. journalists working in the country and the closing down of all U.S. news organisations' operations.

Other Western journalists, notably those from Britain, France and West Germany, were given a strong warning that they might follow their U.S. colleagues "if they send anything but the truth."

Tehran ready to resist sanctions, Page 3

TALKS ON OLYMPIC BOYCOTT

THE U.S. and its allies are exploring the possibility of switching the 1980 Olympics from Moscow, or boycotting them. It is felt that the boycott could be a powerful blow to Russia's prestige.

Britain would be prepared to join such a move as part of the protest against the invasion of Afghanistan. It was one of a number of retaliatory measures discussed by Mrs. Margaret Thatcher and Mr. Warren Christopher, the U.S. Deputy Secretary of State, yesterday.

The proposed boycott is likely to be high on the agenda at the Brussels meetings of EEC Foreign Ministers, and of the NATO Council, today. Some divisions may emerge between the EEC countries on the action to take.

The U.S. would not confirm reports that it had offered Pakistan a two-year $400m package of economic and military aid. But "proposals had been transmitted."

Lord Carrington, the Foreign Secretary, left Saudi Arabia for Pakistan. Prince Saud, the Foreign Minister, firmly rejected a U.S. military presence in the Gulf. Back Page

Mullard to lay off 850 and use more robots

BY ELAINE WILLIAMS

MULLARD is to lay off 850 workers at its television tube plants in the next two years while increasing production through the greater use of robots and automatic machinery.

Mullard is a subsidiary of Philips, the largest television tube manufacturer in Western Europe and is the only producer of television tubes in the UK. The other British manufacturer, Thorn, was forced to close in 1977 with the loss of 1,400 jobs because it was uncompetitive.

Mullard's plans, which should be complete by the middle of next year, involve a major reorganisation of its two television tube plants. Within 18 months only its Belmont factory near Durham will be making tubes. Its other plant in Simonstone, Lancashire — where 650 jobs will be lost—will be turned over to making related components for tube manufacture including most of the tube glassware.

A newly installed 20-in colour tube production line at Simonstone, which was part of Mullard's £24m modernisation plan funded partly by a £4.5m Government grant, will be dismantled and transferred to Durham.

The need to concentrate manufacture at only one plant has been brought about through increased price competition from overseas. This has been increased by the recent fall in the value of the yen and the dollar against sterling, Mullard said.

The company says its tube making activities have been contributing to large losses in recent years. The reorganisation would bring higher levels of efficiency and take the television tube business back into profitability within four years.

This year there will be 100 redundancies. The remainder will take place next year.

Production of tubes will increase 25 per cent to 1.5m tubes a year. This will bring production levels at a single plant in line with those achieved by successful Japanese manufacturers.

Mr. Ivor Cohen, Mullard's managing director, said the reorganisation was "purely a UK response" to the problems of the television industry. It had no bearing on any actions which were likely to be taken by Philips at other plants in Europe.

Mullard intended to continue to invest substantially in tube making, he said. The present plans would cost a few million pounds to implement. Mullard would discuss the implications of the changes with the Government.

Building society receipts poor

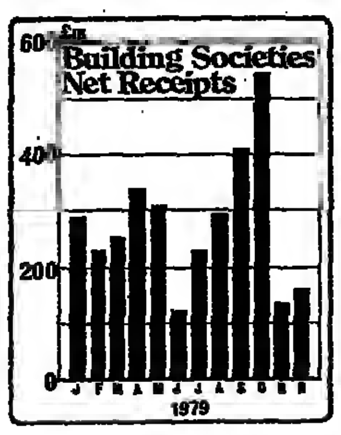
BY ANDREW TAYLOR

BUILDING SOCIETY net receipts last month were still only £161m—the third lowest total for 18 months—despite the record interest rates offered to savers since December 1.

However, the outcome was still better than the £134m net receipts in November and societies are not expecting to make any further increase in rates despite the continued low level of receipts in December.

This was due largely to the traditionally high level of withdrawals over the Christmas period and increased competitive pressures brought about by the Government's decision to raise the limit on holdings of index-linked retirement certificates to £1,200.

There is likely to be further competition for funds over the next six weeks with a new ordinary National Savings Certificate issue due in February and the National Savings Bank investment account rate increase to 15 per cent from the beginning of this year.



Last month building societies granted home loans totalling £654m, the lowest figure since February 1979. A further £608m of loans was promised during the month, the lowest level since April 1977.

However, interest credited to investors rose to £682m reflecting record interest rates, now at 10½ per cent on an ordinary share account — equivalent to 15 per cent gross for a standard rate taxpayer.

Mr. Norman Griggs, secretary-general of the Building Societies Association, said last night: "Building societies, like so many sectors of the economy, are waiting for interest rates to fall before they can come into their own again.

"Because of the sharp rise in house prices last year we were only able to help seven home buyers for every eight helped in 1978."

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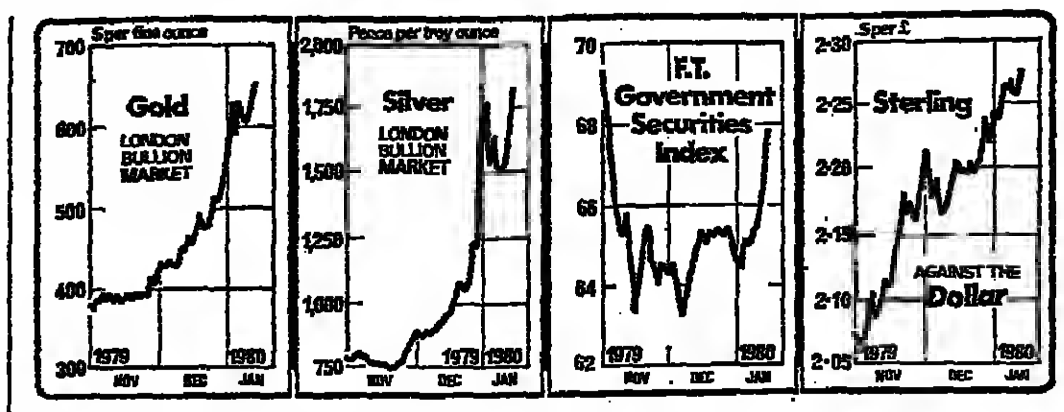
For latest Share Index phone 01-246 8026



Gold rises to $656.50 in London

BY DAVID MARSH

THE GOLD price went above $650 for the first time in London yesterday as mounting apprehension over U.S.-Soviet tension brought new buyers into precious metals and mining shares. Gold closed at $656.50 in London, up $33 from Friday.

On the foreign exchanges, sterling rose to its highest level for 5½ months against the dollar, with high UK interest rates and the attractions of North Sea oil continuing to attract international investment. The dollar was, however, generally steady against other leading currencies.

Partly reflecting foreign buying, as well as hopes of an early fall in interest rates, long-term Government bond prices in London rose by up to 2¼, continuing the rally of the end of last week. The firmness of gilt edged helped equity prices to their biggest one-day increase for 10 months on the London Stock Exchange, with mining shares again particularly strong.

Heavy demand for gold followed on from the price surge in New York late on Friday, when the metal rose to $646 from the London close that day of $623.50. It reached its peak yesterday at the London afternoon fixing of $660.

Middle East buying and shortages of physical gold in the market remain important influences behind gold's 33 per cent gain since Christmas.

Gold's renewed price jump prompted gains in silver, platinum and palladium. The London spot quotation for silver rose £1.34 to £17.56 per ounce at the morning fixing, with the price moving further ahead in the afternoon to close at £18.15.

Free-market platinum rose £19.8 to £347.8 per ounce, while palladium reached a new peak of £96.85 per ounce, up £3.75 from Friday.

Silver futures were particularly active in later trading in New York, where the January contract rose $3.95 to a record $40.70 per ounce.

The pound closed in London at $2.2760, up from Friday's $2.2575, and rose to over $2.28 later on in New York, its highest since the end of July. Its trade-weighted index rose to 71.4 from 71.0 before the weekend.

Lex, Back Page

Welsh unions threaten one-day general strike

FINANCIAL TIMES REPORTER

TRADE UNION leaders decided yesterday to go ahead with a one-day general strike throughout Wales later this month unless the British Steel Corporation cancels plans to increase its purchases of foreign coking coal.

The Wales TUC made the threat in response to a request from the British TUC to postpone a proposed indefinite strike from next Monday in the Welsh coal, transport and steel industries in protest against BSC's redundancy plans and coal imports.

Welsh union leaders agreed yesterday to call off next week's plans but set a new deadline for prolonged action "on or about March 10." This, and the one-day strike on January 28, will take place unless BSC or the Government agree to delay for two years plans to halve Welsh steel production with between 11,000 and 15,000 redundancies; suspend BSC's top management and establish an inquiry into its commercial policies.

The Government is sticking firmly to its policy of non-intervention in the national steel strike, now entering its third week. Ministers are clearly prepared for a long drawn out stoppage.

In the Commons, Sir Keith Joseph, Industries Secretary, insisted that a solution must be found jointly by BSC and the unions against the background of what amounted to a bankrupt industry.

He resisted angry demands from Labour MPs for a change in the Government's "irresponsible" attitude to the industry and made it clear that he saw no viable alternative to the Government's policy of non-intervention.

Sir Keith insisted that productivity must be improved and that finding extra money was not the answer. Any delay to a solution would allow Britain's competitors to race even further ahead and would involve even greater cuts in the industry.

The Commons exchanges were surprisingly muted considering the political battleground that the steel dispute could become.

The scene was set for an emergency debate to be held on Thursday, when Conservative MPs are likely to press for the speeding up of legislation to control secondary picketing.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and Mr. Hector Smith, general secretary of the National Union of Blastfurnacemen, discussed the dispute with officials of the Advisory, Conciliation and Arbitration Service yesterday but there was no indication that a peace initiative was imminent.

Today ISTC delegates meet in London to discuss whether members working for private sector steel companies should be involved.

Strike effects, Page 8
A strike not just about money, Page 16

£ in New York

—	Jan. 11	Previous
Spot	$2.2630-2645	$2.2510-2535
1 month	0.43-0.38 dis	0.54-0.49 dis
3 months	1.30-1.25 dis	1.32-1.27 dis
12 months	4.15-3.95 dis	4.25-4.15 dis

EUROPEAN NEWS

MINISTERS, UNIONS AND EMPLOYERS GET TOGETHER

Bonn's three-way talks revived

BY JONATHAN CARR IN BONN

WEST GERMAN ministers, trade unionists and management representatives got together yesterday to discuss economic problems and the prospects for 1980, in the first meeting of its kind for more than two years.

All sides wera wary of describing their talks as a formal resumption of "concerted action"—the once-regular joint sessions boycotted after mid-1977 by the unions amid a dispute with management over co-determination.

However, it is clear that yesterday's meeting was much along the lines long aimed at hy Count Otto Lambsdorff, the Economics Minister, namely joint discussions without the large delegations which had made "concerted action" itself increasingly unwieldy.

Herr Hans Matthoefer, the Finance Minister, was present, as well as Count Lambsdorff on the Government side. Other participants included Herr Heinz Oskar Vetter, chairman of the trade nnion federation DGB, and Herr Rolf Rodenstock, chairman of the Federation of the German Industdy (BDI).

The meeting is further evidence of an improvement in trade union-employer relations following rejection by the Federal Constitutional Court of Management's objection to a law extending co-determination.

It also comes at a key moment, with the new wages round getting under way at home and the Government having to produce its own detailed report in about a fortnight's time on the economic outlook.

This report is a stautory duty which tha Government currently finds more than usually hard to fulfil, given the new uncertainties caused by the oil price increases and the Iranian and Afghanistan developments.

But it is generally expected that Bonn will hold real economic growth this year of between 2 per cent and 3 per cent to be possible (compared with 4.4 per cent in 1979), provided the line can be held domestically on wages and prices.

Figures issued yesterday by the Federal Statistical Office showed living costs were up by 0.4 per cent in December over November and by 5.4 per cent against December, 1978. The trade unions are pointing to such figures as one reason why they want wage settlements this year to be well above the 4.5 per cent average agreed for 1979.

Strike could cripple Council of Ministers

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN Ministers could face strike action by their own Council of Ministers secretariat unless they finally agrea to implement pay increases which were dne last July.

Some 1600 employees at the Council, who set Monday as their deadline for an agreement, finisbed voting yesterday on a strike proposal. Although well used to the tendency of the Nine to delay difficult decisions, the staff impatience has reached such a pitch that a good many seem willing to support a stoppage which could paralyse EEC affairs.

In effect, the secretariat services the main decision-making institution and a walkout would leave the EEC's intricate committee structure as operative as a beached whale.

The minister's pay decisions affect up to 12,000 EEC staff in Brussels, Luxembourg and Strasbourg who have also been voting on wbether to devote a proportion of their pay in support of the council secretariat who would, in effect, be taking action on behalf of them all.

Official salaries are adjusted annually on the basis of local cost-of-living increases and a retrospective comparison with pay increases given in the previous year to civil servants in the Nine.

EEC unions gave memher governments until the end of last year to endorse a proposal for a 4.1 per cent increase in salaries together with an adjustment in entitlements which would mean a lower increase for some staff. Some governments bave, however, favoured a more restrictive settlement and at a council meeting in December there was insufficient support to produce a qualified majority to implement the proposed deal.

Official aalaries currantly range from just over £6,000 for a messenger to more than £45,000 for a top administrator (director general), with 12 years' service.

Call for ruling on German N-waste

By Jonathan Carr in Bonn

WEST GERMANY'S electricity industry has given warning that time is running out fo ra political decision by the Laender—the provincial states—on interim storage of spent nuclear fuel.

Dr. Hermann Kraemer, a member of the Board of the north-west German power station concern, NWK, said the decision must he made next year at the iatest if operatinn of German nuclear plants was to be assured beyond the mid-1980s.

At a Press conferenee in Bonn yesterday, Dr. Kraemer noted that a contract with the French for disposal of German spent fuel was due to end in 1986. It was unlikely that France would he in a position to extend it. By that time German interim storage facilities had to be available, he said. Bnt that meant the Laender must offer a site

A drive for interim storage sites became essential with the collapse last year of plans to build an integrated nuclear centre at Gorleben, in Lower Saxony, involving both storage and reprocessing facilities.

The federal and Laender Governments have agreed in principle that interim storage facilities must be made available while a longer-term solution is found. However, tbare has so far been a marked lack of enthusiasm among the Laender about making a firm offer.

Cossiga at risk as Socialists begin emergency meeting

BY RUPERT CORNWELL IN ROME

Sig. Craxi: deep divisions in the party.

ITALY'S DEEPLY divided Socialists have begun an emergency central committee session, which conld have a vital bearing on the party itself and on the life expectancy of the minority Government, which relies on Socialist abstention to survive.

The outcome of the meeting, likely to last at least until Thursday, is unpredictahle. If the immediate overthrow of Sig. Bettino Craxi, the leader, is nnlikely, many ohservers helieve that tba only means of thrashing out a new entente at the top of the party may be an extraordinary congress in a few weeks' time.

The reasons for the split between the right-wing and left-wing factions reflect resentment of his autocratic methods and the venom created by feuding over the allegations about commission payments in the recently suspended oil deal between Italy and Sandi Arabia.

The core of the problem, however, lies in differing attitudes to the central issue in Italian politics: whether the Communist party should be admitted into a new Government to replace the present tottering administration of Sig. Francesco Cossiga.

In this sense the confusion and uncertainty surrounding tha Socialists symbolises tha state of Italian politics as a whole. An identical dilemma confronts the Christian Democrats, whose own long-delayed congress is to be held in Rome at tha start of February.

The left-wing of the Socialists, np in arms against Sig. Craxi, believes that the entry of the Communists into government should no longer be delayed. But the leader and his own "right-wing" followers, while apparently backing the idea of a government of national unity, are still believed to hanker after a revived centre-left formula with the Christian Democrats, but with a Socialist Prime Minister.

Both factions are united only in their dissatisfaction with Sig. Cossiga, who was intended only as a stopgap when agreed npon last August. However, the idea of Communist participation in government has become more remote following the sharp deterioration in East-West relations in the wake of the Soviet invasion of Afghanistan, and the uncertainties over President Tito's health in Yugoslavia.

At the same time, knowledge that disagreement on a formula to replace the present administration could lead to an unwanted general election means that Sig. Cossiga has a chance of surviving until the regional elections scheduled for May.

Meanwhile, the Prime Minister has acted with alacrity to reshuffle his Cabinet following the enforced weekend resignation of Sig. Franco Maria Malfatti, the Foreign Minister, owing to ill health. His replacement is a fellow Christian Democrat, Sig. Attilio Ruffini, 55-year-old Defence Minister in a succession of governments since September, 1977, and a former deputy secretary of the party.

Sig. Ruffini's will be a haptism of fire, with Italy having just embarked npon its turn as president of the EEC Council for six months. He was meeting Mr. Warren Christopher, U.S. Deputy Secretary of State, last night before leaving for Brussels to chair the meeting of EEC Foreign Ministers.

In hia new post Sig. Ruffini will be intimately involved in efforts to find a solution to the problem of Britain's contrihution to the EEC hndget, in which Italy has promised to act as mediator.

Haughey prepares to rein in the 'dash for growth'

By Stewart Dalby in Dublin

THE Irish Government's White Paper on the economy, the first under Prime Minister Charles Haughey, has turned out to be a non-event.

Unlike previoua White Papers, the latest, covering 1979-83, gives no specific targets. Instead, it lays out four possible scenarios about jobs, growth and spending.

The most pessimistic, given unfavourable world conditions, particularly as regards oil, foresees minimal growth over the next year and probahly an increase in unemployment of about 16,000. This roughly translates into another 1½ percentage points, taking the jobless total to over 11 per cent on a conservative estimate.

Tha most optimistic forecast sees 5 per cent growth if all is well in the world and Ireland, which bas no oil of its own, continues to have access to cheapish supplies.

Out of date

Most significant, the Government has not committed itself to any of the projections. This is tantamount to saying the White Paper is already out of date and means that Mr. Haughey is tacitly distancing himself from the policies of Mr. Jack Lynch, his predecessor, and Mr. Martin O'Donoghne, the former Minister for Economic Planning and Development.

Under them, the economic policies which were characterised as a "dash for growth," had as their cornerstones the White Papers which were virtually economic plans. The plans, under Mr. O'Donoghue since 1977, foresaw the economy growing between 5 per cent and 7 per cent np until 1981 and employment through joh creation dropping virtually to zero by the early 1980s.

To halp achieve these goals, the Fianna Fail Government cut taxes, increased public spending and allowed easy credit. In 1977, the economy grew by 7 per cent; in 1978 by 6.5 per cent. Employment also increased.

Last year, however, hit by a combination of inflationary oil price increases, a drop in agricultural exports, a poor year for tourism and some unfortunate public sector strikes, the economy slowed down.

The economy, moreover, showed all the signs of over-heating. When Mr. Haughey came to power last month, he found be had inherited one of the largest balance of payments' deficits in memory, that inflation was easily in donble figures and that the public sector horrowing requirement, rather than dropping to 10 per cent of GNP, had by the end of 1979 gone up to aronnd Ir£1bn, which is nearer 13.5 per cent of GNP.

Warning to nation

Mr. Haughey has already gone on television to warn the country it is living beyond its means. He has made it clear that bis priority is to rein in the balance of payments deficit and has stressed that industrial peace is vital to do this.

In 1978, for example, the deficit was less than Ir£200m on current account. For last year, it looks to he Ir£760m. While the 1978 figure was easily covered by capital inflows, there is low pressure on the reserves to meet the gap.

In trying to reduce the deficit, Mr. Haughey has a weapon which was not available in 1978. Since Ireland joined the European monetary system last April, it has been able to pursue a credit policy independent of Britain's.

The central hank, however, has already insisted that credit not grow by more than 18 per cent in the year to Febrnary. Other measures seem in order.

Mr. Haughey could let the reserves run down further. They are currently about Ir£900m. Also, horrowing from abroad could be allowed to rise a little. But fiscal measures are also likely.

Some Ir£500m of the public sector borrowing requirement is in current account. It expected, therefore, that when the budget arrives on February 27, there will be rises in indirect taxation and some trimming of social welfare benefits.

With a tax revolt on his hands, because workers who contribute their tax on a PAYE basis feel they contribute too much while farmers pay too little, Mr. Haughey will probably not risk rises in direct taxation. However, even without these, the deflationary effect of his other moves will make him unpopular enough.

What his message will be essentially is that the Irish economic miracle is in abeyance for the time being.

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Iceland crisis deepens

THE political crisis in Iceland deepened yesterday, after Mr. Geir Hallgrimsson, leader of the right-of-centre Independence Party, announced that his attempts over the last two weeks to form a majority coalition government had failed.

Iceland has been without a majority government since late last autumn and the results of elections beld last December did not solve the political crisis, Jon Magnusson writes from Reykjavik.

It is now believed that President Kristjan Eldjarn will ask Mr. Ludvik Josefsson, leader of the Communist - influenced People's Alliance to try to form a government. But it is unlikely that the party will he any more successful in its attempt.

Austrian tax call

Herr Anton Benya, the Austrian trade union leader, bas called for the introduction of a withholding tax on savings deposits which cnrrently total some Sch 460hn (abont £16.5bn), Paul Lendvai reports from Vienna. Austria allows anonymous savings accounts, which have therefore become a favourite means of tax avoidance for many investors.

Cyprus overtures

President Spyros Kyprianon of Cyprus yesterday announced a series of measures which, he said, would contrihute to a rapprochement between Greeks and Turks in the divided island, our Nicosia Correspondent reports. Tha measures include payment by his Government of old age pensions and other benefits to eligihle Turkish Cypriota. Turkiah Cypriots are to he offared employment in the huilding industry and other sectors in Government-controlled areas and will also he encouraged to send their children to higher education and vocational training institutions in the South.

French rail strike

France's mainline rail services were cnt hy three-quarters yesterday on the third day of a strike by train crews in support of claims for higher wages and improved conditions, David White reports from Paris. Paris nsburban services were also hit.

Marchais' Moscow line could kill hopes for Union of Left

BY ROBERT MAUTHNER IN PARIS

THE French Communist Party's support for the Soviet intervention in Afghanistan has struck wbat may be a fatal hlow to already slim prospects for a revival of the Socialist-Communist Union of the Left.

Though the Socialist party over the weekend gave its hlessing to a policy document for the 1980s specifying that a Union of the Left remains its hasic strategy, speeches by leading party members showed that its achievement has become no more than a pious hope.

Speaker after speaker sharply criticised the pro-Soviet statement of M. Georges Marchais, the Communist leader, after his talks in Moscow last week with President Leonid Brezhnev. M. Francois Mitterrand, the Socialist leader, although the party's chief advocate of an aliance with the Communists, was particularly outspoken in his condemnation both of the Soviet intervention and M. Marchais' support for it.

Comparing the French Communists' support for the Soviet Union with the critical stance adopted by the Italian and Spanish Communist parties, M. Mitterrand said this proved that the French party bad never heen sincere ahont its conversion to an independent "Eurocommnist" line. It also confirmed the Socialists' conviction that the hreak-up of the Union of the Left in 1977 had been provoked by the Communist party, for external reasons—a clear reference to the theory that lt had been engineered by Moscow.

In the circumstances, it may seem odd that the Socialists are sticking to their strategy of co-operation with the Communists. The explanation lies in French electoral arithmetic. Only hy forging an alliance with another large party can the Socialists ever hope to win an election.

Having ruled out any purely electoral arrangements with rigbt-wing groups, which would undermine their credibility in the eyes of many left-wing voters, the Socialists are condemned to soldier on with the Union of the Left, at least on paper.

There are no illusions among leading members of the party, however, that any formal pact can he concluded with the Communists in the foreseeable future. Tactics will be geared to demonstrating to the Communists that the Socialists are the main representatives of Left-wing opinion in France.

A substantial minority of the party, led by M. Michel Rocard, made clear it did not agree with pursuing such "a dream without hope," which could not be achieved for a very long time. But M. Rocard was noticeahly restrained in expressing his opposition and is clearly keeping his powder dry for a later occasion. A major clash between M. Mitterrand and M. Rocard now appears to have been postponed until the autumn, when the party will chose its candidate for the 1981 presidential election.

East's claims on embargo

BY LESLIE COLITT IN BERLIN

THE SOVIET UNION and East Germany are using a visit to Moscow by leading West German industrialists to demonstrate that Bonn and Washington are allegedly at odds over President Carter's embargo measures against the Soviet Union.

The West German group included Herr Berthold Beitz, of Krupp, and Herr Hellmnth Buddenberg, of Deutsche BP, the West German subsidiary of British Petroleum.

BP in Hamburg says the trip was arranged in November and that the two sides discussed possible future deliveries of Soviet natural gas to West Germany, as well as co-operation in coal gasification and liquefaction.

The Soviet news agency Tass said a meeting on Friday between the industrialists and Mr. Nikolai Tickonov, the newly-appointed Soviet First Deputy Prime Minister, was held in a "business-like atmosphere of good will." The two sides had "rated highly" the possibilities of further expanding trade

The Soviet and East German news agencies are also reporting in detail the presence in Moscow of a Japanese steel delegation.

'Green' party may disturb electoral balance

By Our Bonn Correspondent

A NEW West German political party has been founded in some confusion without a decision on programme or leadership. But its very existence could upset calculations about the general election this autumn.

More than 1,000 delegates decided at a meeting in Karlsruhe at the weekend to form a single party from what have heen so far a series nf highly disparate groups. The party is called simply Dle Gruene (the Greens) to underline a desire fnr environmental protection

Representatives of the main political parties have already criticised the Greens as incapable of producing a broad range of policies to meet the challenge of the 1980s. Bnt with Laender elections soon in Baden-Wuerttemberg and North Rhine-Westphalia, the established parties have cause for concern.

Political forces in the federal republic are finely balanced between ruling Social Democrats and Free Democrats on one side and Christian Democrats and their Bavarian allies of the Christian Social Union on the other. Even a few percentage points of support for the Greens drawn from the SPD-FDP might push the CDU-CSU into power.

General strike today backs tax and welfare demands

BY OUR ROME STAFF

MORE THAN 13m Italian workers will stage a general strike today, paralysing indnstry in protest at the Government's failure to respond to their demands for tax and welfare concessions.

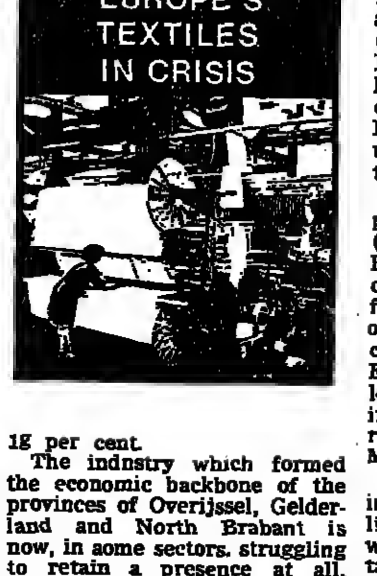
The stoppage is in protest at the refusal of the Government to increase family benefits, or to step up tax allowances to the levels demanded by the three main federated unions who have ordered the strike.

Union frustration over the apparent indifference of the minority administration of Sig. Francesco Cossiga to their grievances also coincides with a serious dispute with industry over possible changes in the "scala mobile" system of automatic wage indexation.

While industry, alarmed over rapidly rising production costs, and many Ministers would like to see energy increases excluded from the price index on which "scala mobile" adjustments are determined; the unions are adamantly opposed to auch a step.

Decline haunts Netherlands

BY CHARLES BATCHELOR IN AMSTERDAM



EUROPE'S TEXTILES IN CRISIS

THE TEXTILE industry has declined at a faster rate in the Netherlands than in any other country of Europe. The Government has introduced a large number of aid programmes and restructuring achemes — with only limited success.

The structural problems which have affected the industry throughout the EEC have heen magnified in the Netherlands by a number of local features. These include a small home market and a commitment to genuinely open borders: the presence of powerful retailing groups whicb bave out-manoeuvred the small and fragmented textile and clothing companies: the introduction of minimum wage levels which have raised the pay of young people and women, who form a large part of the textile work-force and a surprising reluctance by a traditionally flexible husiness community to see the need to cooperate in rescue programmes.

Mr. Wil Verstraeten, textile industry specialist at the largest trade union federation, the FNV, is somhre about the future. "If the trends of the past five years are allowed to continue for the next decade then the industry is finished. What will happen if the EEC expands to take in low-wage countries such as Portugal, Spain and Greece and if the mnlti-fibre agreement is not extended? The biggest blow has already fallen hut there may be more to come!

Output levels of the Dutch taxtile industry fell 15 per cent between 1970 and 1976 and have continued to fall since. In the same period Britisb prodnction fell only 6 per cent, West Germany'a rose 8 per cent, Italy's rose 21 per cent and the EEC average was 7 per cent higher.

Employment in the industry also fell most sharply in the Netherlands. Between 1972 and 1977, 33 per cent fewer johs were provided by the Dutch textile industry. The overall EEC decline was only 19 per cent. The picture was even bleaker in the clothing sector where there was a 53 per cent decline in employment in the Netherlands compared with the average EEC fall of only 1g per cent.

The indnstry which formed the economic backbone of the provinces of Overijssel, Gelderland and North Brabant is now, in aome sectors, struggling to retain a presence at all. Employment in the cotton, rayon and lineo industries bas been halved over the past 10 years to just over 20,000. The clothing sector bas been reduced to ahout 20,000, a third of its size a decade ago. The wool industry, which employed 20,000 in the mid-1950s, now offers jobs to less than 2,000, and a recent report by the general accounting office said the restructuring of tha indnstry had failed.

The Dutch textile manufacturers face a two-pronged attack from low-wage countries around the Mediterranean and in the Far East and from high-wage countries in the EEC. It has been unable to counter either assault effectively. The low-wage countries have undercut inefficient Dutch producers of hulk textiles while West Germany in particular, has taken a large share of the quality textile and clothing market.

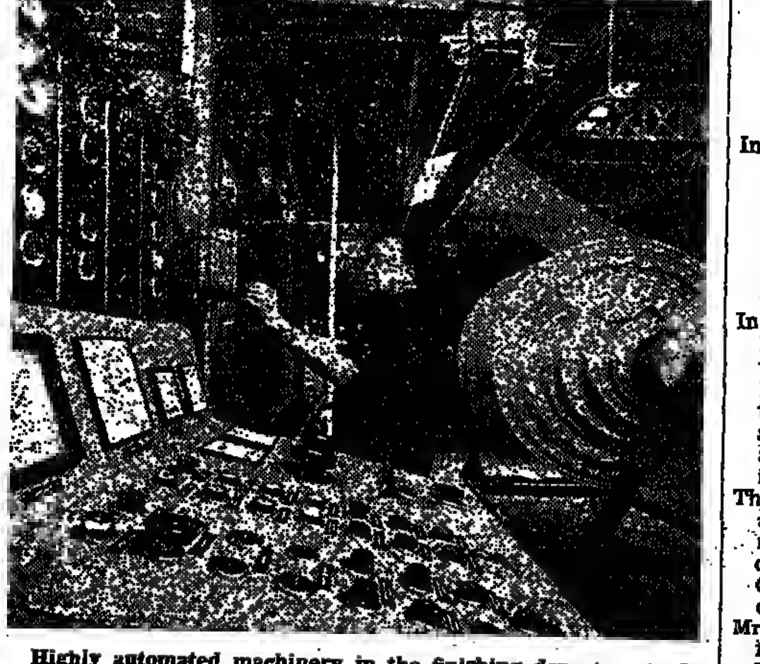
The unions helieve that tha low-wage countries are used as an excuse by the companies to disguise their own inefficiencies. Failure to seek out new markets for textiles has heen the companies undoing, said Mr. Lex Alharts, a prominent union organiser in Hengelo, a traditional textile town.

Of total Dutch clothing imports in 1976 of Fl 2.2bn (U.S.$ 1.2bn), more than Fl 1.6bn came from the EEC compared with only Fl 423m from Asia and Fl 151m from other East-West European conntries. "It is clear that non-EEC countries are playing a leading role in the fast increase in Dutch imports" concluded a recent study by tha Economic Ministry.

The restructuring of the industry has achieved very limited success. "We handle the whole business in too fragmentary a faahion," said Mr. Ven den Wildenberg; "I am for more vertical integration hut the individual sectors are not in favour of this."

Restructuring organisations have been set up in many sectors. The Government, the employers and the unions have agreed a plan for the cotton-weaving and finishing industries which, in the view of Mr. Verstraeten, is unique. A study showed that 960 workers would become redundant in thia sector. So far 520 have been found other jobs while generous early retirement schemes and other social henefits were devised for the remainder. In the spinning sector eight textile companies, accounting for 90 per cent of Dutch capacity, were regrouped into one new company, Spinnerij Nederland, with a 49 per cent State holding.

Elsewhere though, ald bas not been so effective. The unions have withdrawn from the organisation set up to reorganise the clothing industry. The decision by one company to lay off 70 workers before a programme could be agreed for the antire industry persuaded the FNV, as well as the other unions involved, that the climate was not ripe for reorganisation. Similarly the unions and the economics ministry blame the refusal of the wool industry employers to co-operate in the 1960s for many of the sactors present difficulties.



Highly automated machinery in the finishing department of Nijverdalten Cate, one of the largest Dutch textile concerns.

The decline of the textile industry has posed considerable problems for some regiona. Twenthe in the eastern Netherlands as well as North Brabant on the Belgian horder have been hadly affected by the retrenchment of their staple industry. Unemployment lo Twenthe is six per cent and in North Brabant 6.1 per cent compared with the national average of five per cent. The Netherlands does have extensive regional aid programmes but until recently these were directed exclusively towards aiding expanding industries. So help for the textile industry has come mainly from the individually tailored restructuring programmes.

The Netherland's generous foreign aid policy and awareness of the problems of the third world countries suggest it would accept, with reasonably good grace, the transfer of textile capacity to the less developed countries. The Dutch are acutely aware though that many of the most aggressive new textile exporters, such as Korea and Hong Kong can no longer he classified as "less developed," while much of the benefit has gone to Eastern European producers.

The problems are by no means over, even for the much slimmed Dutch textila industry. Cbina and the U.S. are now increasing their export activities while low-wage countries which have already captured much of the bulk market are now improving the quality of their products.

Pakistan says U.S. aid package is not enough

BY DAVID HOUSEGO IN ISLAMABAD

PAKISTAN has told the U.S. that the proposed American package of military and economic assistance is insufficient.

The U.S. *proposals to* strengthen Pakistan after Russia's invasion of Afghanistan were outlined at the week-end to a senior Pakistani mission to Wasbington led Mr. Agha Shahi, the *foreign affairs adviser*. The mission returned to Pakistan yesterday.

Mr. Agha Shahl is understood to have told the U.S. during talks with Mr. Cyrus Vance, the Secretary of State, and President Carter, that the dangers for Pakistan of inadequate assistance were that it would make the country more vulnerahle to Soviet pressure wilhout giving it the means to resist it.

Mr. Shohi's response, however, should be seen as an opening bargaining couoter. Pakistan, having been denied U.S. aid since early last year because nf its nuclear ambi*tions, is clearly* determined to rxtract as much as possihle as the price of rejoining the western camp.

Officials here also insist that Pakistan must have assurances that it can count on continuing U.S. deliveries, hoth to re-equip its armed fnrces and to maintain and update the milllary technology it buys. The Pakistanis are seeking a waiver to the congressinnal ban on arms sales to Pakistan, which stemmed from its nuclear policy, nr guarantees that will not leave Islamohad dependent on the changeahle pnlicies of successive administralions.

Pakistanis say they cannol afford tn risk the curbs on arms supplies that were imposed during wars with India and last year.

The details of the package are not known but Pakistan is seeking fighter-bombers, tanks, artillery and communications equipment. It also wants increased economic assistance and a rescheduling of debt *repayments which amount* to $350m this finacial year. Returning with Mr. Agha Shahi were General Ghnlam Gilani Khan, secretary-general of the Defence Ministry and General K. M. Arif, thr President's military adviser.

Gen. Zia: a price for renewing links.

The Pakistani delegation expects negotiations with Washington to be completed within three weeks. The package is part of broader assistance that Pakistan is seeking from China, Its Moslem allies, particularly Saudi Arabia, and western nations. Both Mr. Shahi and President Zia ul Haq will put the Pakistani viewpoinl to Lord Carrington, Britain's Foreign Secretary, who arrived here lasl nighı.

About 24 Moslem nations ore reported to have agreed to attend the *Moslem Foreign* Minislers' conference due to open here on January 26 to discuss the Russian intervention. The conference, so close to Afghanistan's borders, is bound to be seen as provocative bolh by the new regime in Kabul, and by the Kremlin.

According tn unconfirmed reports the Pakistani army has moved two divisions to Quetta, the capital of Baluchistan province adjoining Afghanistan. Armoured reinforcements have also been sent to Peshawar in the nnrth-west. Gen. Zia denied on Sunday that there had been any troop deployments towards Afghanistan's borders but added: "We have taken some defensive measures which are part of the overall defensive plan."

Officials here bope that Mrs. Indira Gandhi will accept that a strengthened Pokistan provides India with a huffrr against further Russian expansion and tbat it will be possible for India and Pakistan to reach an accnmmodation on that basis. The point is likely to be madr by Lord Carrington during his visit to New Delhi but is unlikely to carry much weight

● The widow and daugbler nf Mr. Zulfikar Alt Bhutto, the former Prime Minister, who was executed last year, were yrsterday served with nrdesr putting tbem under bouse arrest fnr a furtber three months.

Reuter reports from New York: The U.S. has offered Pakislan a tentative turn-year economic and military ald package worth about $400m, according to the New York Times.

Defence increases urged on Japanese

By Charles Smith, Far East Editor, in Tokyo

THE U.S. Defence Secretary, Mr. Harold Brown, yesterday asked Japan to consider increasing its defence budget "in the light of changes in the international situation." The request relates to the period from 1981 onwards and not to defence spending in 1980, which has already been fixed.

The Japanese response **to Mr. Brown's request appears to bave been extremely cautious. Mr. Masayoshi Ohira, the Prime Minister, said that Japan would decide "on its own' how much to spend on defence, after noting changes in the outside world and paying attention to domestic, financial and political factors.**

Japan currently **spends about 0.9 per cent of its gross national product on defence, a low figure compared with most western industrial nations. The Government's policy, laid down in a Cabinet resolution, is not to allow defence expenditure to rise above one per cent of GNP. But there are no legal or constitutional barrirrs to prevent the 1 per cent level being exceeded.**

In requesting higher Japanese defence expenditure, Mr. Brown apparently avoided mentioning concrete figures. However, Japanese officials were said to have received the impression that he was calling for defence expenditure to exceed 1 per cent of GNP.

Such a proposal could be unpopular with the Ministry of Finance, which has been making desperate attempts to reduce Japan's budget deficit by cutting public spending. Public opinion in Japan remains decidely opposed to re-armament.

Tehran ready to resist sanctions

BY SIMON HENDERSON IN TEHRAN

TEHRAN yesterday condemned the U.S. for putting a resolution to the United Nations Security *Council* calling for sanctions against Iran and warned other countries not to take part in any economic sanctions introduced unilaterally by Washingtnn.

In a statement whirh seemrd to remove the possihility of any disagreement between the Iranian authorities and the militant students holding 50 hostages in the U.S. embassy and Ayatollah Khomeini, the Foreign Ministry in Tehran said since the "baseless and obstinate" U.S. resolution had beeo defeated, Iran insisted that other natinns should not join the "political games" of Washington. It did not refer to the fact that the Soviet Union vetoed thr resolution, or that nine nations voted for it.

The Foreign Ministry warned the world to refrain from taking any measures which would result In straining relations with Iran. In a separate statement it warned Iran's neighbours in the Gulf against any unilateral action or tacit agreement ahout the Strait of Hormuz.

The imminent prospect of economic sanctions by westrrn countries, including the U.S., has not had much noticeable effect io Tehran. Much time is now being devoted to presidential elections due to be held on January 25.

The 10 candidates remaining in the field are seeking the highest executive office in a new government set-up whirh will replace the present provisional Revolutinnary Counril after elections for a national assembly in February.

Mr. Sadegh Qotbzadeh, the Foreign Minister and one of the candidates in the race, which is heing fought more on prrsonalities rather than poliries, left yesterday for a campaign trip to the South. In a comment on the hostages crisis he said that a commission of inquiry would not he enough and that the Shah must be returned to Iran.

Iran's Government has heen speaking confidently of its ability to meet sanctions. Mr. Ali Akhbar Moinfar, the Oil Minister, has said oil revenue is running at $1.6bn per month and that Iran will cut off oil supplies to those countries whirh support the U.S. over sanrtions. Where the Iranians then sell the oil has not been disclosed.

Mr. Alireza Nowbari, the governor of the central bank, has said reserves stand at $13bn and are increasing at $1bn a month. Only 40 per cent of this amount was frozen in foreign banks, he said.

Meanwhile Ayatollah Khomeini, who last week let it be known he was taking two weeks' rest from all work, bas issued a sudden stalement condemning the rrported suggestion that Iran has asked Moscow for military assistance. He described the report as a "vicious lie," and asked for the Soviet chargé d'affaires in Mexiro City, who was quoled in the report, to be reprimanded.

A Western diplomat said Moscow is now followin gthe example of other nations witb embassies in Tehran and withdrawing families of diplomatic staff. Two charter flights left recently with wives and children of diplnmats, but another brought in 200 men described as technicians who went straight to the embassy and bave not been seen since. They are believed to be guarding the embassy, which has been attacked in protest against the invasion of Afghanistan.

Patriotic Front's election symbols rejected

BY BRIDGET BLOOM IN SALISBURY

ELECTION symbols presented by the two wings of the Patriotic Front were rejected hy Rhodesia's Registrar-General yesterday on the grounds that tbey could prove prejudicial to public nrder.

The Zimbabwe African National Union (ZANU) the party led hy Mr. Robert Mugabe, and Mr. Joshua Nkomn's Zimbabwe African People's Union (ZAPU), yesterday joined eight other parties in registering tn contest the British-supervised majority-rule elertion next month.

The twn parties, which are to fight the elertinn separately, met all the conditions laid down by the British-endnrsed electoral laws, save one—both suhmitted symhnls which included what an official later described as modern weapons.

Mr. Mugahe's party symbol prominently featured the AK-47 assault rifle used by the guerrillas in their seven-year war: across it lay a hoe.

Mr Nkomo's symbol showed a soldier holding a child with a reversed rifle on his shoulder. A third party, the ZANU, led by the Reverend Ndabaningi Sithole, also had its symbol rejected for showing a gun.

All three parties have seven days in which to submit new symhols and consultations involving the British-run Electoral Commission will no dnubt result in acceptahle designs heing found. However, the rejection again illustrates the extent to which the British administration of Lord Soames is forced to rely on the Rhodesian civil servirs.

It is understood that neither the Governor's officials nor the Electoral Commission have seen the symbols but they have acquiesced in the decision sinre Rhodesian law permits the Registrar-General to act in the way he did.

The final stage in electoral registration takes place next Monday when parties must submit the names of candidates conlesting each of the eight electoral districts on a party list.

Campaigning for the poll on February 27-29 has effectively begun with Bishop Abel Muzorewa holding his first rally a week ago, Mr. Nkomo returning to a tumultous welrome oo Sunday and Mr. Mugabe planning to return next weekend.

Already a degree of bitterness has been generated hetween the Patriotic Front and the Bisbop's United African National Council (UANC) which has called on the Governor to "take the strongest possible action to stamp out widespread intimidatinn." It alleges that this has resulted from the lifting of political bans on ZANU and ZAPU.

Although 10 parties registered yesterday, the contest for the 80 African seats will be fought out principally between ZANU, ZAPU and Bishop Muzorewa's UANC. White voters will elect 20 MPs on February 14.

ZAPU, which has registered as Patriotic Front (ZAPU), would still like to form an electoral alliance with ZANU, now officially ZANU (PF). Mr. Mugabe's party opposes this partly because it believes it ran win a majority without Mr. Nkomo but also because the leadership of the two parties have been unable to decide how parliamentary seats and the posts of Prime Minister and President should be shared.

Bangladesh reshuffle postponed

By Syed Kamaluddin in Dacca

GENERAL Zia-ur Rabman, President of Bangladesh, bas postponed plans to purge his cabinet and the ruling People's Action Party because of uncertainties produced by the landslide electoral victory of Mrs. Indira Gandhi in neighbourlog *India*.

General Zia earlier tbis month removed Mr. Moudud Ahmed, the Deputy Prime Mioister, "in the interests of the party." A Cablnet reshuffle was thought to be imminent, as well as the dismissal of six MPs from Gen. Zia's parliamentary party.

However, the Indian election result creates new and more pressing worries. Before the elertions, it was widely believed that victory for Mrs. Gandhi would damage the already poor relations between Bangladesh and India.

The success of the Communists in West Bengal, who now comprise tbe largest opposition bloc to Mrs. Gandhi's Congress (I) Party, is likely to fnrtbrr aggravate relations between tbe two countries.

Mrs. Gandhi to keep close watch on foreign affairs

BY K. K. SHARMA IN NEW DELHI

MRS. INDIRA GANDHI was sworn in yesterday as India's Prime Minister. Fifteen Cabinet Ministers and seven Ministers of State were also appointed—many of them inexperienced in national politics.

Mrs. Gandhi took the oath at President Sinjiva Reddy's palace just a week after surging to power in a runaway electoral victory by ber Congress (I) Party. Despite the 22 appoiotments announced yesterday, a number of important portfolios remain to be allocated. These include industry, defence, labour and petroleum. A second group of Ministers is expected to be sworn in later this week.

Among key Ministers appointed yesterday was Mr. P. V. Narasimha Rao as Minister for External Affairs. A former Chief Minister of the southern State of Andhra, Mr. Narasimha Rao is virtually unknown in India and bas no background in foreign affairs.

This suggests that he will be a Minister only formally and for ceremonial purposes and that Mrs. Gandhi plans to keep foreign policy decisions within her own grip. Foreign policy is now increasingly important for India following the Russian intervention in Afghanistan and the U.S. decision to resume arms aid to Pakistan.

Mrs. Gandhi bas so far indicated that *she will give foreign* policy a pronounced pro-Soviet tilt. That is the inference to be drawn from instructions sent to India's permanent representative to the Uoited Nations to make a pro-Soviet speech during the General Assembly's debate on Afghanistan last week. The instructions were sent at the direction of Mrs. Gandhi, although she had not then taken *over formally as Prime Minister.*

Two other important appointments aonounced yesterday were those nf Mr. R. Venktaraman as Minister of Finance and Mr. Zail Singh as Minister for *Home Affairs. The former* has been a member of the planning commission and the latter was once Chief Minister for the border state of Punjab.

The finaoce portfolio is doubly important because of the economic crisis that India is going through. The inflation rate in 1979 was 21 per cent while gross national product fell because of a drop in both agricultural and industrial production.

Rescue plan for Chicago schools

By Maralyn Edid in Chicago

THE ILLINOIS state legislature has approved a complex financial plan to keep Chicago's nearly bankrupt school system functioning, but may simultaneously have burdened the city with another delay in improving its already-impaired credit standing.

The $875m rescue package, agreed last Friday, involves:

● A loan of $100m from the state, local banks and unions to cover two missed salary payments for the school system's 48,600 employees; millions of dollars are due to vendors, the teachers' pension fund and federal tax collectors.

● The sale of $225m worth of short-term notes by Chicago that will support the schools until May 1.

● A later issue of $500m in long-term bonds to ensure the continued financial health of the school system, which serves 475,000 people.

The legislation also establishes an independent authority to control the financial affairs of the school board, an 11-member body appointed by the city government with ultimate responsibility for Chicago's schools. The authority will be similar to the Municipal Acceptance Corporation, the control board created in 1975 to straighten out New York City

$160m cuts

Under the package, the $1.4bn school budget must also be cut, by $60m this year and by more than $100m in 1980-81. The school system is a semi-autonomous unit that is supported by local property taxes and state and federal subsidies.

The exact impact of the plan, devised by city and state officials and bank executives, remains unpredictable. But the school system's problems which led to it have tarnished the city's image. Outstanding Chicago bonds are trading in the secondary market at discounted prices, while the trust departments of several banks sold their holdings of short-term Chicago notes at the end of last year on fears of an imminent downgrading of the paper.

After disclosure last summer of a multi-million dollar deficit in the city's own budget, Standard and Poor's lowered Chicago's credit rating from AA to A. Moody's Investors' Service maintained its AA rating, but municipal finance analysts say that the rating agencies will now be watching the new situation closely. Most suggest, however, that the agencies will not reduce the grade without giving the rescue plan time to work, or without sufficient evidence that it has adversely affected Chicago's balance sheet.

Political football

Even if the school board's financial problems do not drag Chicago down along with it, the city's reputation could still be weakened. The status of a city's public schools affects its political and social prestige

Chicago's crisis first erupted in mid-November, when Moody's sharply lowered the school board's credit rating and prevented it from raising funds in the money market. The issue has since been a political football. Governor Jim Thompson has pressured the city and Chicago banks to devise a solution, while Mrs. Jane Byrne, Chicago's Mayor, insisted that the state should assume responsibility.

World Bank to double capital to $80bn

BY DAVID BUCHAN IN WASHINGTON

THE WORLD BANK has announced that a doubling of its authorised capital to $80bn can go ahead. The increase was announced yesterday, after it had been approved by 127 of the member Governments, who hold three-quarters of the voting power.

The increase "will enable bank lending to continue to grow in real terms through the middle of the decade" of the 1980s, a bank statement said. But the U.S. Congress, which has in recent years attempted to set political restrictions on World Bank lending, has not yet agreed to the capital increase.

The bank's last capital increase was $8.4bn nearly three years ago, and since then rapidly expanding operations have pushed it up against the ceiling limiting disbursed and outstanding loans to its total capital plus reserves.

In its failure so far to come to a decision on approving the capital increase the U.S., whose contributions to the bank are roughly commensurate with its 21.7 per cent voting power on the bank's Board, is in the company of a handful of small countries, including Vietnam and Kampuchea.

Of the planned increase, only 7.5 per cent or $3bn is to be paid in, the rest may be called from member Governments as backing for World Bank borrowing

But at some point, the U.S. Congress will be asked to authorise the U.S. contribution, possibly provoking political ructions on Capitol Hill.

In the year ending June 30, 1979, World Bank loans totalled just under $7bn, with its soft loan affiliate, the International Development Association (IDA) giving a further $3bn in concessionary loans.

IDA operations, which depend on straight government contributions, have again been threatened by U.S. Congress delays in approving American commitments. While negotiations for a sixth replenishment of IDA are just about complete, the U.S. is still in arrears on its contributions to past IDA programmes.

Carter backing for role of small business

BY NICHOLAS LESLIE IN WASHINGTON

SMALL BUSINESS in the U.S. must be further strengthened if the national economy is to be sustained, President Carter said on Sunday. He was speaking at the opening of a national conference on small business.

The President told delegates that recent events in Iran and Afghanistan had underlined the need for greater co-operation and unity in facing common problems, particularly inflation.

Presenting himself as the champion of the small businessman, President Carter said that since taking office he had "worked hard to build a good record to aid small business."

He outlined areas where he had taken steps to ease the burden faced by this sector of industry. Among his examples were the cutting back of paperwork and regulations.

The conference, set up by President Carter in 1978, is the culmination of a series of 57 regional conferences and forums; the 2,100 delegates represent small businessmen throughout the U.S.

Delegates will be airing their views this week on a series of issues affecting small businesses. These range from the difficulties of raising capital to problems created by rising energy costs and a surfeit of government regulations and paperwork.

Salvadoreans may free embassy hostages soon

SAN SALVADOR—Two ambassadors held hostage at the occupied Panamanian embassy in San Salvador may be released soon, their captors said yesterday.

Members of the left-wing February 28 Popular League occupied the embassy on Saturday. They are holding five hostages, including the Costa Rican and Panamanian ambassadors, and demanding the release of seven of their comrades who were arrested by security forces last month.

A spokesman for the group said his organisation had been told by other Latin American diplomats meditating in the conflict that a settlement might come soon, possibly within hours.

Members of another leftist organisation, the Popular Revolutionary Bloc, yesterday occupied the Roman Catholic cathedral of San Salvador chanting anti-government slogans.

Before the peaceful occupation of the cathedral by 20 unarmed Bloc members, Archbishop Arnulfo Romero told reporters that a civil war or general insurrection was imminent in El Salvador.
Reuter

Guyana leader in Libya

BY MOHAMED HAMALUDIN IN GEORGETOWN

MR. FORBES BURNHAM, the Guyanese Prime Minister, left Georgetown at the weekend for a week-long visit to Libya and Iraq. An official statement said only that discussions would centre on bilateral relations and international issues.

Libya has shown interest in the establishment of joint companies in marine transport and fishing and a joint-venture investment company; it may also be interested in Guyanese rice and sugar. Iraq may want to firm up a trade agreement.

Guyana's Middle East purchases of oil are likely to be a major topic of discussion.

Douglas Fraser, president of the United Auto Workers.

Union wants Japan to build cars in U.S.

By Ian Hargreaves in New York

U.S. CAR workers have launched a campaign to persuade Congress to draw up legislation which would force Japanese motor companies to manufacture in the U.S. as a condition of receiving import licences.

In what Mr. Douglas Fraser, President of the powerful United Autoworkers Union, described as a "gloves off" move, legislators will be asked to build into the motor industry a unique series of local sourcing requirements.

The union's proposals come only two days after Honda announced that it would become the first Japanese car producer to set up an assembly line in the U.S. It plans a 10,000-units-per-month plant in Ohio at a cost of $200m.

The union says that Honda was aware of Mr. Fraser's policy statement before making its announcement, but said it was mainly seeking to put pressure on the two largest importers, Toyota and Nissan.

Both Toyota and Nissan have repeated recently that they are considering U.S. manufacture. But Mr. Fraser dismissed their record on this question, and on previous undertakings given to the union about limiting direct imports, as "absolutely outrageous."

Last year imports—of which Japan accounts for around three-quarters—took a record 21.5 per cent of the U.S. car market, collectively beating Ford Motor into third place.

This week more than 200,000 of Mr. Fraser's 1.5m members are either temporarily or permanently laid off.

The Autoworkers Union has traditionally been a strong advocate of free trade, and Mr. Fraser sought to play down the ideological shift in the union's new Japanese policy. But he made it clear that domestic assembly and sourcing of parts must become a condition of importing cars into the U.S.

Mexico warning on oil re-sales

MEXICO CITY—The director of Pemex, Mexico's state oil company, has said Mexico would suspend its sale of crude oil if it discovers any of its nine customers are reselling the oil on the spot market.

"Mexico will exclude from its list of customers any country which fails to meet (this) basic rule and which uses the crude bought here for speculation in the international market, instead of using it for the solution of its energy needs," Sr. Jorge Diaz Serrano told a Press conference.
AP-DJ

Doreen Gillespie in Lima looks at Peru's improving economy

Policies geared to coming election

PERU'S soaring exports, combined with a successful re-ordering of its finances over the past couple of years, are allowing the military government to channel the benefits of the improvement towards the local population ahead of the country's first elections in 16 years.

At the same time measures are being taken to prevent the extra flow of dollars from high oil and mineral prices from pushing last year's 66.7 per cent inflation still higher.

A package of financial laws came into effect at the beginning of this year aimed at restoring some of the 50 per cent loss in purchasing power experienced by wage earners over the past five years. The laws offer higher income tax deductions and a small cost-of-living bonus. They also include tax incentives to coax industries into starting business outside Lima.

Some economists doubt that the laws will have much immediate impact. But Dr. Silva Ruete, the Economy and Finance Minister, says he is confident that, together with past and future measures, they will contribute towards economic recovery after a four-year recession.

The Minister emphasises the way the Government's decentralisation plans, which have scored few successes so far, offer strong incentives to new business in the provinces. He also points out how they include much needed infrastructural investment and promote development outside the capital.

Dr. Javier Silva Ruete: strong incentives for new business in the provinces.

"Now that Peru has sorted out its external problems, refinancing its foreign debt and building up reserves, increased revenue means we can invest in public works, Dr. Silva Ruete says.

Peru's exports in 1979 totalled almost $3.7bn, according to latest estimates, giving a trade surplus of some $1.5bn. Exports as high as $5bn are being forecast for this year. Because of this, the Central Bank is forcing oil and mineral exporters to keep about one-third of their sales in dollar bonds for three months, to prevent these from being turned immediately into the local currency, soles, and so fuel inflation.

The general idea is to clamp down on exports until imports, on which restrictions have been lifted, start building again to use up the new pool of dollars. The bank has also taken steps to make borrowing abroad more expensive.

The country's external and internal finances now appear solid enough to give any incoming government a breathing space of two or perhaps more years. It is generally accepted that the military government is going to hand over power to civilians this year as promised. Political parties are working on the last stages of their proposed government plans and stepping up campaigns in Lima and the provinces.

Sr. Armando Villanueva, the presidential candidate for the centrist Apra party, has appeared on television for a 40-minute campaign broadcast. Banners in Miraflores, one of Lima's main residential districts, are calling for the support of Sr. Fernando Belaunde Terry, a former President who is the candidate of the Accion Popular Party. And Sr. Luis Bedoya, the candidate of the business-oriented Popular Christian Party, has been appearing regularly at rallies.

Leaders of the main radical left-wing parties are trying to form a coalition and will choose a candidate from their respective leaders, Sr. Hugo Blanco, Sr. Genaro Ledesma and Sr. Alfonso Barrantes. Three other candidates — one right wing and two left wing — are also seeking the presidency.

A poll of the Lima area — early in December put Sr. Belaunde ahead of the others. He was ousted from the presidency by the armed forces in 1968. Behind him came Sr. Bedoya and Sr. Villanueva, while the leftist candidates trailed further. But the polling techniques were not wholly reliable.

The Apra party, which ended its quarrel with the military Government over a year ago, seems to be suffering without its venerated party stalwart, Sr. Victor Raul Haya de la Torre, who died in August. Sr. Villanueva is recognised as a powerful and knowledgeable politician, but he lacks the popular appeal and undoubted voter recognition enjoyed by Accion Popular's Sr. Belaunde. Accion Popular politicians are nevertheless aware that Apra will attract 25 to 30 per cent of the vote, whoever leads it.

Peru's disgruntled middle-income groups and hungry low-income group are said to be most likely to vote for whichever party can convince them they will be guaranteed jobs and sufficient money to buy food. The parties have until the polls on May 18 to show they have the answer.

New York to reject BL buses

BY IAN HARGREAVES IN NEW YORK

NEW YORK has decided to cross itself off BL's sales list for double-deck buses following a three-year trial of eight Atlantean-type vehicles.

Although the buses were, especially in the early days of the experiment, a popular attraction on their busy routes on Fourth and Fifth Avenues and on Riverside Drive alongside the Hudson, they appear to have been insufficiently hardy for New York operating conditions.

A final decision on double-deck operations is expected from the Board of the Manhattan and Bronx Metropolitan Transit Authority at the end of this week, but the Board is not expected to challenge a report from its buses committee that the city dispose of the eight vehicles.

The main problems with the bus, according to the Authority, have been their heating and air-conditioning systems, which a number of visits to New York by BL engineers have failed to correct.

The buses are also said to have suffered an excessive degree of failure for other mechanical reasons, perhaps partly as a result of the rigours of operating on New York's pot-hole-strewn roads.

Although the New York bus order was a small one for BL, which builds around 2,000 double-deckers each year, it was one which the company frequently referred to in its promotions of export sales.

Introducing the double deckers cost the transit authority a good deal of effort in raising overhead traffic signals and lopping off tree branches.

Finance for the buses came from state and federal governments, but the Transit Authority now seems to have decided that the buses are a liability in terms of operation.

Instead of the double deckers, it will continue to rely on the blue and white single deckers, which are ugly but strong, produced mainly by General Motors and the flexible bus company. The city has a fleet of over 4,500 buses.

Kenneth Gooding adds: Reports of difficulties with the eight buses are exaggerated, a Leyland official said yesterday.

"The Atlanteans are basically similar in specification to the 20,000 or so buses of this type which operate satisfactorily in cities around the world. The only major change to the standard specification was the installation of American-designed-and-manufactured air-conditioning units as specified by the New York authorities," the official said.

"In practice, any difficulties with the buses have to a large extent been connected to this air-conditioning equipment."

"Since the buses are inevitably of a different design to the rest of New York's fleet," Leyland went on, "there have been problems in providing suitable skilled bus mechanics in a city where large numbers of standard buses are constantly off the road because of difficulties with maintenance staff."

Japanese resume Soviet steel pipe talks

TOKYO — Four Japanese steelmakers sent their representatives to Moscow yesterday to resume negotiations on exports of steel pipes to the Soviet Union. The companies are Nippon Steel, Nippon Kokan Kaisha, Sumitomo Metal Industries and Kawasaki Steel.

The negotiations are intended to work out an agreement on the price and volume of large-diameter pipeline pipes to be supplied to the Soviet Union in the first quarter of this year. The Japanese and Soviets held their first round of talks last month but failed to reach an agreement.

The Soviet Union is reported to be seeking to import about 700,000 metric tons of pipes for 1980 with credit from the Export-Import Bank of Japan. Last year the four Japanese companies exported about 700,000 tonnes of large-calibre steel pipes for natural gas pipelines to the Soviet Union.

These negotiations are taking place while the Japanese Government is still considering what steps it can take to join the U.S. and impose economic sanctions against the Soviet Union in retaliation against its military intervention in Afghanistan.

The Government is reported to be considering discouraging expansion of Japanese-Soviet economic relations. But a spokesman for Nippon Steel, the country's largest steelmaker, said there has been no Government attempt to dampen the talks. Agencies.

● Nippon Steel has concluded contracts with China totalling nearly Y300bn (£573m) to complete the first stage of a 6m tonnes a year steel plant project at Proshan, near Shanghai, Reuter reports from Tokyo. The contracts represent about 75 per cent of the Y400bn agreement for Nippon Steel to co-operate in the project.

Other Japanese companies, including Kobe Steel, are expected to sign their separate contracts with China for the supply of related machines and equipment necessary for the first stage project, worth an estimated Y150bn, by the end of this month.

Italy may export phone systems

BY PAUL BETTS IN MILAN

ITALY IS considering setting up an international telecommunications systems company, grouping the country's main State and private telecommunications enterprises, to export technology, particularly to developing countries.

Such a package, worth more than 200bn lire (£170m), has already been sold to Libya by a consortium including Sirti, a subsidiary of the state Stet telecommunications group, Telettra, a subsidiary of Fiat, together with Pirelli and Seat, which will supply cables.

The proposals to constitute an export company were disclosed by a senior official of the State SIT-Siemens group, which presented in Milan yesterday the first fully electronic telephone switching system built by an Italian company.

The system, called Proteo, is expected to form the basis of a fully integrated electronic system for the Italian telephone network to be completed over the next 10 to 15 years. In so doing, Italy intends converting its telephone network from a mechanical system directly to an electronic system jumping the intermediate phase of semi-automation.

SIT Siemens, which has already invested Lire 100bn for the development of its system, is planning further investments of Lire 100bn. However, Sig. Vittorino Colombo, the Italian Post and Telecommunications Minister, emphasised yesterday the Government was seeking to promote collaboration between the various telecommunications companies.

Although SIT Siemens is the largest domestic telephone switching supplier, with about 52 per cent of the Italian market, international companies like GTE, ITT and LM Ericsson have important shares of the domestic market.

Telettra, the Fiat subsidiary, which has largely specialised in transmission, is now also entering into the switching sector.

Despite the official call for collaboration between the various Italian companies it is widely felt the authorities are pressing more specifically for collaboration between SIT Siemens and Telettra to convert the country's telephone network.

At the same time, SIT Siemens has won export sales orders for its electronic switching system technology worth £6.2m in Brazil, Oman, Sudan, Malta and Somalia. It is negotiating a further £18m of new orders in Latin America, Africa and Europe.

Malaysia takes bids for communications overhaul

BY WONG SULONG IN KUALA LUMPUR

KEEN COMPETITION is building up among several international telecommunications companies for a Malaysian telephone project worth between $400m and $500m.

The project, to be carried out under the Fourth Malaysian Plan (1981-85), calls for the installation of a nationwide, computer-controlled telephone system of 1m lines to replace the present electro-mechanical crossbar switching system.

At least six international companies have submitted proposals to the telecommunications department. They include Philips of Holland, L. M. Ericsson of Sweden, Plessey of Britain, Siemens of West Germany, International Telephone and Telegraph of the U.S., and Nippon Electric of Japan.

Ericsson and Philips are believed to be the two strongest contenders. Philips is offering its own version of the advanced Stored Programme Control (SPC) exchange system, known as the PRG system, against Ericsson's AXE version.

Senior officials from Philips were in Kuala Lumpur last week for discussions on the project with Malaysian leaders, including Dr. Mahathir Mohamed, the Deputy Prime Minister and Industry Minister.

Unlike Philips, Ericsson already has a factory in Malaysia manufacturing telephone equipment for the telecommunications department, and it has been among the first to sell the idea of a computer telephone system to the authorities.

MoDo-Chemetics in Brazil project

By William Dullforce in Stockholm

MODO-CHEMETICS, a process engineering company jointly owned by the MoDo Pulp and Paper company of Sweden and Canada's Chemetics International, has won a project management contract for $287m chemical sulphate pulp plant in Brazil.

The order comes from Companhia Guatapara de Celulose e Papel (CELPAG). The mill will be built near the town of Ribeira'o Preto in Sao Paulo State with a capacity of 170,000 tonnes a year and is scheduled to come on stream in the beginning of 1982.

The raw material will be eucalyptus from Celpag's own forests. Some 70 per cent of the pulp will go to the company's new integrated fine paper mill while the rest will be processed at Celpag's paper plant in Piracicaba.

AUSTRALIA'S RESORT INDUSTRY

Chasing the tourist dollar

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA IS gearing up for a boom in tourism that it hopes will double the number of international visitors to this country in the next few years.

Cheaper air fares and congestion at some well-established foreign tourist resorts are the impetus behind the discovery of Australia as a tourist destination.

As one industry official said, "Spain gets 40m tourists a year—that's got to be getting close to saturation. We've been getting about half a million, and Australia's a big country there is room for expansion."

It is estimated that some 750,000 overseas visitors came to Australia last year, a sharp increase over 1978, when the number of visitors, including those on business, rose by 12 per cent to over 630,000. This compares with an average growth rate for tourism in member countries of the Organisation for Economic Co-operation and Development (OECD) of 6.4 per cent.

The boom is being accompanied by massive investment in infrastructure, ranging from hotels and casinos to tourist coaches and amusement parks.

The Government is keen to promote the growth of tourism both domestically and from abroad because it is one of the few industries that will be creating, rather than shedding, jobs in the 1980s.

At present about 2.4 per cent of the workforce, or 134,000 people, are employed in the tourist industry and this is expected to rise by about 60,000 by 1985. Tourism's contribution to gross domestic product is around 2.6 per cent, and its tentacles reach out to involve bushrangers and folklore characters.

In Melbourne, the Wentworth Hotel currently under construction is expected to have 100 per cent occupancy from day one when it opens later this year. A consortium of Chinese businessmen in Australia has also announced its intention to build an A$40m (£19.8m) hotel in Melbourne's chinatown.

Plans are also under way for a 600-room hotel which will have a 5,000-seat convention centre.

Canberra is building on its reputation as a conference centre for Australian and international conventions. A contract is to be let soon for a A$48m hotel complex to include a planetarium and space theatre and an interstate bus terminal.

Casinos have operated illegally in most of Australia's state capital cities for many years, but Tasmania has led the way by going legitimate and cashing in on the casino crowd. Other states are expected to follow within the year.

Meanwhile, on the Queensland coast the ground has been broken on what will be a A$100m tourist complex to be developed by a Japanese consortium to cater for the growing Japanese market and other travellers.

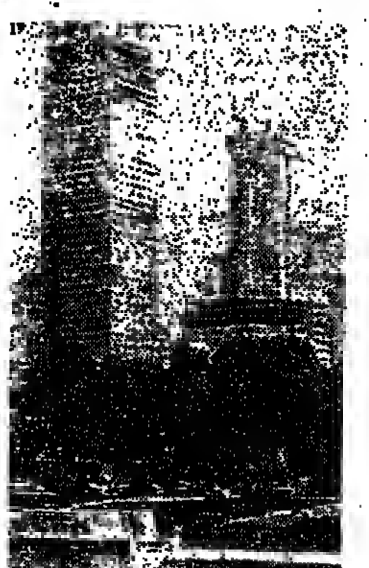
In central Australia the Government is building a tourist village, Yulara, to cater for visitors to Ayers Rock, said to be the largest monolith in the world.

A recent Government-funded study of the economic significance of tourism in Australia by the Bureau of Industry Economics predicts that average annual growth to 1984 in tourists from Britain will be 14 per cent. The annual increase in Germans visiting Australia over the next few years is expected to be 36 per cent, from Japan 18 per cent, the U.S. and New Zealand 10 per cent and Canada nine per cent.

Cheaper air fares between Australia and the five countries of the association of South East Asian Nations (ASEAN) went into force on January 1. The new fare structure, in addition to the growing wealth of ASEAN members should further boost tourism. ASEAN comprises Singapore, Thailand, Indonesia, The Philippines and Malaysia.

New Zealand has traditionally been the biggest source of international visitors to Australia with a share of around 30 per cent of the total. However, the fastest growth rates of late have been from Germany and Japan.

But the Japanese market is largely untapped. At present Australia gets only 5 per cent of Japanese tourist trade. The air miles between Sydney and Tokyo are some of the dearest in the world and roughly twice the price per mile than routes



Melbourne's new Qantas hotel complex.

between other countries. Discussions have been held on lowering the fares, but there is no immediate prospect of success.

The Government recognises that cheaper fares and high class tourist facilities are of little advantage unless people know about them, and last year it nearly doubled the budget of the Australian Tourist Commission to A$8m.

The Tourist Commission's budget for Britain was increased six fold and efforts have centred on tapping the holiday market now that fares are more competitive. This is in addition to the traditional trade in people visiting relatives.

Distances from other countries, especially high income countries such as the U.S. and Europe will continue to be a problem.

Rising fuel prices may negate the cheaper air fares and the Bureau of Industry Economics warns that Australia's high wage costs may jeopardise the country's competitive position.

However, in the meantime, pseudo-Spanish riding schools are springing up all over the country, desert safaris by camel are doing a roaring trade, "convicts" are being flogged in a mock-up of old Sydney town, and sheep are being shorn in front of paying audiences—all in pursuit of the tourist dollar.

Honda in joint Yugoslav engine venture

By Richard C. Hanson in Tokyo

Honda Motor has agreed with the Yugoslavian farm machinery maker, Standard Metalska Industrija, to establish a joint enterprise to produce general purpose engines. The Yugoslavian company will put up 80 per cent of the initial paid-in capital of about $4.2m with the balance provided by Honda.

The company will produce engines, mostly for farm machinery, under licence from Honda at a rate of 1,500 units a month starting in mid-1981.

Honda also said that its 66 per cent owned Brazilian subsidiary has been given tentative governmental approval of a plan to produce 125 cc motorcycles with engines fueled by alcohol.

Reuter adds: Three companies of the Mitsui group said they have jointly received a letter of intent from a Yugoslav industrial group, Industrija NAFTE (INA), for the purchase of a petrochemical plant. The plant, capable of annually making 50,000 tonnes of terephthalic acid, a synthetic fibre-making material, will be completed at Sisak, about 50 km southeast of Zagreb by 1983. A contract expected to be signed next month, Mitsui said. It is expected to cost about $30m.

UK NEWS

Maharishi goes ahead with Meccano plans

BY HAZEL DUFFY AND LISA WOOD

THE Maharishi Mahesh Yogi, who runs an international centre for transcendental meditation, is pressing ahead with plans to buy the Meccano factory in Liverpool, owned by Airfix Industries.

Mr. Ralph Ehrmann, Airfix chairman, confirmed that he had had several meetings with representatives of the Maharishi, and said that be was quite willing to sell to the sect or come to some sort of trading arrangement with it.

This would seem dependent, however, on the sect's being able to raise additional financial backing, for which the Maharishi had already approached the Government, Liverpool Council and private industry.

His plan is believed to involve continuing to manufacture toys at the factory. They would be marketed by Airfix.

Toy manufacture would after be replaced by an electronics product. In the meantime, Mr. Ehrmann says, Airfix will look at other alternatives, in this country and abroad, for manufacture of Meccano products.

The Maharishi, who bought Mentmore Towers more than 12 months ago, owns factories in other parts of the world, including West Germany and the U.S. He is keen to buy a business, or set up a new company, in the UK to incorporate its industrial work in his teaching.

Mr. Peter Warburton, the sect's "minister for information and inspiration," said that the Maharishi wanted to show the beneficial effects his teaching could have on the worker as an individual and his productivity as an employee.

The sect set up a company, the Age of Enlightenment, two months ago, in order to purchase a factory. Several companies are being considered.

Mr. Warburton said that before a purchase took place talks would be held with the workers to see if they were receptive to studying the Maharishi's teaching. If a significant number were interested, plans for the purchase would proceed.

Only if a company was set up from scratch would study of the teaching be part of the conditions of work.

The Maharishi was interested in the Meccano factory because it was the size he wanted, was available, and people in Liverpool were anxious for jobs in the area. The factory employs about 750 full-time workers.

An advanced course in the teaching would cost between £400-£1,200 for an eight-week course, but Mr. Warburton said that this would be waived if workers at the Meccano factory chose to stay at their jobs and meditate.

● Our Labour staff write: Union negotiators representing the workers at the Meccano plant are to ask Airfix Industries this week to consider treating the month-long occupation of the factory as part of the statutory 90-day notice period.

A mass meeting at the factory yesterday agreed to continue occupation until at least the end of February, when the notice period expires.

The workers are maintaining a round-the-clock sit-in and there there were strong indications yesterday that they still wanted to hold out as long as possible.

Miss Pat Turner, General and Municipal Workers' Union national officer, said last night that all unions representing members at the Meccano plant would hold a meeting in London tomorrow to discuss strategy.

Normal industrial relations bargaining over the closure could be resumed only if the Airfix management recognised the sit-in as part of the 90-day notice.

The unions have made the company's breaking of the notice period as their main grievance in the dispute.

Wednesday's meeting is expected to be at national officer level. A meeting between the unions and Airfix Industries has been planned for Friday.

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Retailers saved by Christmas surge

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE LEVEL of consumer spending in the shops in December was broadly the same as in November, according to the provisional estimates of retail sales published yesterday by the Department of Trade.

The figures show that the late surge in pre-Christmas spending enabled retailers to avoid the disastrous Christmas that had seemed likely at one stage. But the lack of any volume increase disappointed commentators such as the Retail Consortium, which bad felt the late spending spree would boost sales volume.

However, there is evidence that some retailers have enjoyed exceptionally good "bargain" sales in the first two weeks of January in spite of the general gloomy outlook facing the retail trade.

The Department of Trade's estimate of the provisional level of retail sales put the increase in value up by 15 per cent but left the volume index at 113.5. In November the volume index was 113.8, after having provisionally been put at 113.5. In December 1978, the volume index was 113.8.

RETAIL SALES

		Volume, seasonally adjusted, 1971=100	Value, not adjusted percentage change compared with year earlier
1978	1st	106.4	+14
	2nd	107.9	+15
	3rd	110.7	+14
	4th	111.7	+14
1979	1st	110.3	+13
	2nd	116.7	+17
	3rd	110.1	+13
	Sept.	110.0	+14
	Oct.	111.4	+15
	Nov.	113.8	+17
	Dec.*	113.5	+15

* provisional

Source: Department of Trade

Surprised

The Department of Trade points out that retail spending in the four months between September and December was about 1.5 per cent lower than in the previous four-monthly period, although this included the exceptionally high level of sales before the June Budget.

The average level of trade during 1978 as a whole was about 3 per cent higher in volume than during 1978, the Department adds.

The Retail Consortium, the trade organisation that represents most retailers, was clearly disappointed last night at the December figures. A spokesman suggested that the late surge in pre-Christmas spending had been high enough to indicate some volume increase. It was also pointed out that the December figures are only provisional and may be revised upwards as the raw rata from retailers is moe closely analysed by the Department of Trade.

Many retail co-operative societies also reported a high level of sales after Christmas, with spending up by as much as 40 per cent.

Buoyancy in mergers predicted

Financial Times Reporter

CHESHAM Amalgamations and Investments, the licensed dealer which carried out 24 mergers for clients last year, believes the level of mergers will again be buoyant in the first half of this year, although forecasting prospects for the second half can only be guesswork.

Chesham estimates that there were 550 mergers in the UK last year, involving a total value of £1.8bn. The peak year for mergers was 1972, when the total value was £2bn.

However, allowing for the fallen value of the pound, the true comparison between 1972 and last year is probably between £2bn and £531m.

According to Mr. Nicholas Stacey, deputy chairman of Chesham, these figures indicate how unrealistic the Stock Exchange value of companies has become and why any bidder must therefore pay a "hefty premium" over market price.

Mr. Stacey also warns against further intervention by the Government in companies' merger plans. He believes the Government is likely to study competition policy and monopolies again this year but current legislation is more than sufficient to deal with real abuses, he feels.

He argues that the falling number of independent companies is due not so much to mergers but to a shortage of new companies coming to market either because of a shortage of entrepreneurs or the competitive attractions of an unofficial quote on the secondary market.

ICL agrees £10m leasing deal for Manchester plant

BY JOHN LLOYD

(ICL), the UK's main computer manufacturer, has completed a leasing arrangement worth £10m with Barclays Mercantile Industrial Finance to finance the development of the company's advanced systems plant at Wenlock Way, West Gorton, in Manchester.

The project, which should be completed by the end of 1981, is intended to provide the company with its main centre for the design and development of advanced computer technology.

Mercantile Credit earlier financed a new ICL factory at Plymouth Grove, Manchester, worth £3.5m, which would also be leased over a 20-year period.

Mr. Ronnie Jones, an executive director of Mercantile Credit, said yesterday: "These leases are believed to be the first in the UK to include not only plant and machinery hut also industrial premises."

The Plymouth Grove factory, with a further plant at Ashton-under-Lyme, will manufacture most large IVI computer systems in the UK.

The company's plans to close an old plant at Dukinfield, in Manchester, with the loss of more than 800 jobs, are being strongly opposed by the company's unions.

The company agreed to suspend the statutory 90-day period of notice in December while the unions prepared an alternative plan, which would involve diverting work to the Dukinfield premises.

The plan prepared by the unions was delivered last Thursday and is being studied. The 90-day period of notice began running again from December 26.

● ICL Inc., the company's U.S. subsidiary, has announced a new small business system to be known as the System IO Model 320. It will cost between $35,000 and $100,000, depending on the size of the memory store and the peripheral equipment.

The new machine will complement the Model 220, which has been on the market for some years, and the Model 120, which was announced late last year.

The U.S. subsidiary has reorganised its marketing group into three divisions—distributiva systems, advanced systems and customer service.

Matsushita to launch computers in UK

BY GUY DE JONQUIERES

MATSUSHITA ELECTRIC of Japan the consumer electronics manufacturer, will enter the European computer market next month when it launches in the UK four compact desk-top models aimed at small business users.

The computers, to be sold under the Panasonic brand name, have so far been available only in Japan. They may be ordered with several software packages (programs) designed to perform a range of common business operations, including bookkeeping, payrolls, stock control and word processing.

Matsushita remains coy about its longer-term export strategy, but it apparently views the UK launch as something of a trial run, intended to test prospects in the fast-growing European market for small business computers.

If the response proves satisfactory in Britain, the computers are expected to be offered elsewhere in Europe. They may be followed by the introduction of other machines under development in Japan.

The four models differ chiefly in the amount of back-up storage available on their floppy disc memories, which ranges from 140,000 bytes (characters) to 2m bytes. The typical cost of a machine with three software packages is said to be about £8,800.

All four models comprise a 64,000-byte main memory, an alpha-numeric keyboard, visual display unit and twin floppy disc drive. A separate printer is an option, which Matsushita expects most customers to use with the computers.

Matsushita claims that the computers will be the first in the UK designed to use Microcobol, the new language developed by the British software company CAP-CPP for operating micro-computers. They also accept Assembler and Basic languages.

As well as functioning as self-contained units, the machines can serve as local data capture terminals when connected to a central mainframe computer. They will be marketed in Britain by Telertonics, exclusive distributor of Panasonic business equipment.

Airlines may link fare formula to fuel costs

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

AIRLINES in the International Air Transport Association start a week-long meeting in Geneva today which may result in a recommendation for further fare increases to meet soaring fuel costs. Some airlines suggest that a fares rise of 7 per cent is likely.

The meeting may also agree on a formula, to be put to governments, which would allow the IATA airlines to raise their passenger fares and cargo rates automatically whenever fuel prices rose by a specific amount, say up to 3 per cent. Rises in fuel prices above that amount would be subject to a postal vote among the airlines on what action to take.

The need for such a formula was agreed among the airlines at their annual meeting in Manila last November. Since then a working party bas been exploring methods which the airlines could adopt.

Fuel prices have doubled in the past year, from an average of about 45 cents a U.S. gallon to about 90 cents. An average of $1 a gallon is thought likely to be reached soon.

Governments frequently delay giving approval for fares increases when fuel prices rise. The result is that at any time the world airline industry's income can lag about $1bn behind costs.

The last round of IATA fares rises, ranging between 9 per cent and 15 per cent according to region, took effect last September.

Tate and Lyle sue for silt costs

By Richard Hall

TATE AND LYLE is suing the Greater London Council and the Port of London Authority for £750,000 to cover the extra cost of dredging to maintain access to its refinery following the building of the Woolwich Ferry terminal in the 1960s.

This is understood to be the first time such a case has gone to the courts and is being watched closely by other riverside operators who have faced similar silting problems alongside their jetties.

Tate and Lyle is one of the biggest manufacturers along the Thames and has operated a sugar refinery at Woolwich Reach for 100 years. The initial writ was issued in 1972 but the case has only now come before the courts. The case is a complex one and is expected to last for over three months.

The GLC, which operates the Woolwich Ferry, and the PLA which is the river conservancy authority, are denying negligence in the construction between 1964 and 1966 of the new ferry piers.

Other river users are watching the case with interest since it could set a precedent for future legal actions. The Thames barrage now being built at Woolwich is already starting to affect patterns of water flows and could lead to extra silting in some areas.

Lakeland water extraction inquiry opens

THE INQUIRY into plans to reduce the level of two of the Lake District's most picturesque stretches of water starts in Whitehaven, Cumbria, today. It is expected to last three months.

British Nuclear Fuel's wants to extract a further 7m gallons of water daily from Wastwater —it already takes 4m—for use at the Windscale nuclear plant, and in a separate application the North West Water Authority is seeking an extra 12m gallons a day from Ennerdale—it already extracts 14m — for use in industrial west Cumbria.

Over a dozen organisations and several individuals have protested about the schemes. All parties concerned will outline their cases today. The water authority will then start to present evidence in full.

Rolls car output near record

ROLLS-ROYCE Motors car division produced 3,344 cars last year, only three fewer than 1978's record output. The company said yesterday that demand for the cars "continues to be firm in both home and export markets."

Plans for 1980 include maintaining a high level of output, although the diesel engine division continues to experience "very difficult trading conditions."

More investment sought by Joseph

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

REPRESENTATIVES of about a dozen leading financial institutions were urged last night by Sir Keith Joseph, Industry Secretary, to increase their investment in small businesses.

Sir Keith's plea, delivered at a meeting at the Department of Industry in London, comes amid increasing Government concern about the slow pace of new investment since the general election, especially in small businesses.

The meeting was, therefore, called—and publicised by the Department—in an attempt to draw attention to the Government's wish for the financial institutions to take a more positive line.

Organisations represented included pension funds from the Post Office, National Coal Board, Reed International and BP. Other institutions included Prudential Assurance, National Provident Institution, Charterhouse Group, Midland Bank, Small Business Capital Fund, Industrial and Commercial Finance Corporation and the Bank of England's industrial finance unit.

Some of these pension funds and other institutions have developed new schemes during the past couple of years specially aimed at providing investments of well under £100,000 for small businesses.

But Sir Keith Joseph said that they should do more because of the extent of their dominance of the capital market.

He said that they should not be deterred by the substantial cost of vetting and monitoring small investments and the high risk involved. The institutions and their policyholders and pension fund members had a common interest in the revival of the economy.

The Government was introducing fiscal changes which it hoped would "revive Aunt Agatha in all her manifestations" as a source of private sector investment in new and growing companies. Sir Keith said that the Government was also looking at other ways it could help.

These remarks were assumed to refer to taxation concessions in the coming Budget and to other direct measures, such as bank guarantee loan schemes, which have been under consideration for some time.

Insider dealing Bill nears final hurdles

BY ANDREW FISHER

THE NEW Companies Bill, which has had two previous incarnations under earlier Conservative and Labour governments, is expected to become law by Easter after its final passage through Parliament.

Its most notable provision will be to make insider dealings a criminal offence, while also introducing stiffer disclosure requirements for company loans to directors.

In the general field of industrial relations, the Bill contains clauses to ensure that companies pay attention to the interests of their employees as well as their shareholders.

Having emerged from the Commons committee stage in December, the Bill's next appearance will be at the report stage this month. No date has been fixed for this stage, which could be combined with the House's third reading before the Bill passes to the Lords.

The present Bill is the culmination of several years of effort by both the Conservative Government, in the early 1970s and again last year, and the intervening Labour administration, which attempted to pass its own law in 1978.

Further amendments to the Bill will be made at the report stage, including one by the Government to widen a new clause stipulating that all company secretaries must belong to the Institute of Chartered Secretaries or a similar professional body.

It is felt that this clause, which was allowed through the committee stage mainly to avoid a split across non-party lines, draws the professional requirements too tightly.

In general, the Labour Opposition has supported the Government's handling of the Bill at the committee stage, although it has pressed for tougher provisions on disclosure and inside dealings.

But Labour MPs took exception to what they saw as the mildness of the Government's step to make companies take equal account of both employees' and shareholders' interests. They voted against the clause in committee.

Borg-Warner to cut 600 jobs

REPRESENTATIVES of the 1,450 workforce at Borg-Warner's UK subsidiary at Kenfig Hill, South Wales, are to meet senior management today to discuss the company's plans for 600 redundancies at Kenfig Hill and at its Letchworth, Herts, headquarters.

Under the plan, 400 jobs would go at Kenfig Hill, an area already facing major job losses at British Steel Corporation's Port Talbot works, and 200 at Letchworth, where 900 work.

The company says the cuts have been mada because of lower demand for its automatic transmissions from BL and Volvo, and other customers.

Mr. Frank Evans, district secretary of the AUEW, which negotiates for the Kenfig Hill work force, said yesterday it was expected that management would reveal where the cuts would fall at today's meeting. Employees are expected to discuss the outcome of the meeting on Saturday.

U.S.-owned Borg-Warner makes some 130,000 automatic transmissions a year at the two plants, plus limited production of four-wheel-drive units for Stonefield, the largely Scottish Development Agency-owned specialist vehicle manufacturer.

UK NEWS

Heseltine may seek London docks aid

BY ROBIN PAULEY

MR. MICHAEL HESELTINE, the Environment Secretary, indicated yesterday that he was prepared to fight in the Cabinet for more money for redevelopment of London's derelict dockland, in spite of the Government's squeeze on public expenditure.

He was speaking after a coach tour of the East End docks, which straddle five London boroughs, to see the progress of redevelopment.

Mr. Heseltine said afterwards that he had seen nothing to change his opinion that the development must be taken out of the hands of local authorities and put in the hands of "a single and coherent body with the total backing of the Government."

This means that he has rejected the pleas of all five local authorities to be allowed to continue with the Docklands redevelopment according to the strategic plan of 1978.

Instead he remains committed to replacing the present Joint Docklands Committee with a new urban development corporation, which will have wide-ranging powers similar to those of New Town development corporations.

Mr. Heseltine said the powers of the new corporation had not been finally decided but he was treating the whole subject as urgant.

The proposals for it are in the proposed Local Government Planning and Land Bill, which may be introduced into the Commons this week.

Final stages

Though the Bill has been heavily revised, with about 70 clauses deleted, it is understood there are no changes to the urban development corporation proposals. No name has been put forward publicly as its likely new chairman, but Mr. Heseltine indicated that selection *is in its final stages.*

He will face a difficult task in persuading the Cabinet that Docklands should have more money at present.

His determination to lead such a battle probably means that at least one of the main communications problems for the area could be solved.

At the moment Government decision is required on whether to proceed with extension of the Jubilee Underground line, the controversial northern and southern relief roads and the East London river crossing.

"The creation of an urban development corporation does mean *an increase in* public expenditure in Docklands.

"We must keep up the mementum of the redevelopment, and the creation of a single authority will bring greater scale and certainty of resources to the project.

"The present problem is disparate ownership, much of it public ownership outside the control of the individual boroughs, which means long and difficult negotiations.

"Under the new Act the new ohlc to get the land because we will be able to give directions for its disposal ot a reasonable price."

Mr. Heseltine added that co-operation with *the* local authorities would be cloac and that he would set up o shadow organisation to work alongside the present Docklands Committee to maintoin momentum and *preserve the confidence* needed to maintain the attraction of investment in the area.

Mr. Paul Beasley, leader of Tower Hamlets Council, one of the five Labour-controlled Dockland boroughs, said that Mr. Heseltine had failed totally to judge the strength of feeling against urban development corporation plans.

Not only the Dockland boroughs hut also the London Boroughs Association, which was Tory-controlled, regarded the idea of development corporations as an attark on local government, and intended to protest to the Minister about the "*roughshod manner*" in which he was dealing with the matter.

Mr. Beasley said the plan was not expected to start operating till "some time in 1981. Until then be will be relying on the co-operation of the local authorities, and if he expects to get that he must come and talk to us. The mood is very angry at the moment."

Ladbroke wins early hearing

BY ANDREW FISHER

LADBROKE Group, which is trying to regain gaming licences for its three casinos in Mayfair, Loodon, succeeded yesterday in obtaining an early hearing of its appeal against last year's judgment refusing their renewal.

The company's appeal for licences to be renewed at the Ladbroke Club, the Hertford Club and the Park Lane Casino will be heard in the High Court on February 27.

This follows last month's refusal of Knightsbridge Crown Court to uphold Ladbroke's appeal against the withdrawal of the licences. The Gaming Board has since applied for the cancellation of the licence held by the Park Tower Casino, in Knightsbridge, the group's fourth in London.

The application for an early hearing, made by two Ladbroke subsidiaries, Ladup and Hyde Park Casinos, was granted yesterday by Lord Widgery, the Lord Chief Justice, in the Queen's Bench Division.

Counsel for the companies, Mr. Anthony Temple, said in court that an early hearing was desirable because annual applications for new licences were to be considered in May.

Ladbroke said it would apply for an adjournment of the January 22 hearing on its Park Tower casino, which comes under a different licensing area, until the appeal on the other three had been heard.

Gloomy outlook in food industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S food manufacturers yesterday warned of a bleak future for the food industry.

A *samples survey carried* out by the Food and Drink Industries Council, supplementing its regular quarterly indostry review, suggests that food and drink companies will face lower profits, increased liquidity problems, and be forced to cut both investment plans and staff.

The gloomy forecast for the early 1980s comes as the industry had hoped that the demise of the Price Commission and lessening of tensions in the High Street price war would have eased its problems. This optimism was reflected in the increase in profit margins for food manufacturer in the second quarter of 1979, details of which were published yesterday. The figures show that manufacturers' profit margins rose from 3.67 per cent in the first quarter of 1979 to 4.20 per cent in the second quarter.

However, the council points out in its latest bulletin that the improvement left the industry with "very little room to manoeuvre in the face of the coming recession and the renewed bout of double-digit inflation."

The council says that "the approaching cyclical downturn threatens to squeeze the companies' profit margins and place a severe strain on their liquidity position." The recession is also likely to limit any further volume growth in consumers' food expenditure which "will worsen the trading problems in the High Street."

Furthermore, "the three *green pound devaluations* this year will increase the cost of agricultural inputs which, combined with the big price rises in fuel and packaging, will tend to squeeze profit margins."

To establish *the* latest position in the industry, the council carried out a sample survey of of some of its members. This reached five main conclusions:

1—Profits in 1980 will be lower than in 1979, but not by a large amount. Some companies, who were hit by strikes last year, could show an improvement.

2—The majority of food companies will suffer a deterioration in their corporate liquidity and will be forced to increase short-term borrowings at the currently high interest rates.

3—Companies will try to reduce stocks to save costs, although many companies have already reduced stocks to a minimum.

4—Some cuts in investment plans will take place.

5—Companies expect to have to shed some labour during the year.

The bleak prospects facing the industry have already led to a warning from the Food Manufacturers' Federation that food prices are likely to rise by 20 per cent over the year to enable manufacturers to cover cost increases.

New suppliers for De Lorean cars

BY OUR BELFAST CORRESPONDENT

THE Northern Ireland Development Agency has agreed a joint venture with Chamberlain Phipps, the Northampton-based materials and components suppliers, to establish a company in Belfast to manufacture parts for the De Lorean sports car.

The venture, which is assisted by the Northern Ireland Department of Commerce, will employ 450 by early 1982 in the production of seats, and various items of soft trim for De Lorean and other vehicle manufacturers.

This is the first direct spin-off in manufacturing terms of the De Lorean project, which was initiated by Mr. John De Lorean, a former General Motors executive. It is supported by £53m of State aid. Later this year, its DMC12 sports car with gull-wing doors will start to come off the assembly line in West Belfast.

The new components company will be known as CP Trim. The development agency will have a 49 per cent stake in the equity, De Lorean Motor Cars will hold 32 per cent, and Chamberlain Phipps the remaining 19 per cent. The cost of establishing the venture was not revealed.

Mr. Bill Bellamy, chairman of Chamberlain Phipps' general industries division, said that the priority was to meet De Lorean's requirement for seats and trim components, but the company would have wider markets.

The new company will begin recruiting soon and expects to start production by the middle of this year.

It will be located in an existing Government-owned factory in West Belfast, the city's worst unemployment district, within a few miles of the De Lorean assembly plant. The production processes will comprise vacuum forming, polyurethene moulding, high-frequency welding, and cutting and sewing.

Academics canvassed on Finniston proposals

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE Department of Education and Science has written to more than 50 educational organisations inviting them to comment on education and training proposals in the Finniston Committee's report on the engineering profession.

The department, which says it would welcome comments from others with an interest in the educational recommendations, wants preliminary views by April 1. This will enable the Government to discuss the whole report during spring.

On the strictly educational recommendations, "careful and thorough consideration" will be required. It is intended that these will be discussed at a national conference on engineering education and training in the autumn. The conference is being planned as the culmination of a national debate—not necessarily confined to the Finniston recommendations—in the hope that towards the end of the year a degree of consensus will emerge on the main issues.

The letter suggests comments should be made on the report's recommendations on the role of schools; the proposals regarding education and training for Registered Associate Engineers; the role of the proposed Engineering Authority in the accreditation of courses; and the report's proposals for post-graduate and continuing education.

● NEWS ANALYSIS—PLANNING LAWS

Incentives for property developers

BY ANDREW TAYLOR

IN THE next few months Parliament will consider a number of major legislative changes that will substantially alter the climate in which commercial property developers and investors operate.

Significant changes in planning requirements and measures to make more land available for development are included in the Local Government Planning and Land Bill, to be introduced shortly in the Commons.

The Government has been determined to reduce public ownership and give new impetus to the private sector, a philosophy at the heart of many of the changes proposed by Mr. Michael Heseltine, Environment Secretary.

However, the economic climate is such that it is likely to be some time before the effectiveness of these measures in promoting new development can be assessed. With interest rates at record levels there is little incentive at present to embark on new building programmes, particularly with yields on prime properties at rock bottom and building costs recently rising by as much as 2 per cent a month.

And the proposed legislative changes have been negative, in that they seek to remove potential restrictions on development rather than actively to encourage new building through positive fiscal and political inducements.

In fact the Government has *reduced* the *number* of assisted areas where grants to encourage industrial investment are available.

The Government considers its role is to provide a suitable economic climate for entrepeneurial skills to flourish and not to featherbed inefficient industry. A prime target for Mr. Heseltine has been to remove the bureaucratic controls that he and his colleagues believe have strangled new investment particularly in indnatrial buildings.

The scrapping of the Community Land Act, along with the reduction in Development Land Tax to 60 per cent, have perhaps the most long-term significance for commercial property developers.

The Community Land Act introduced in 1975—followed a year later by new legislation on Development Land Tax—was designed to enable local authorities to take a more positive role in planning and development. It gave local authorities wide powers to acquire building land.

These powers, which coincided with a squeeze on local authority spending, were never widely exercised but were regarded as a serious threat to the industry's future.

Under the Community Land Act it was planned that local authorities would eventually be obliged to acquire all development land at only current use value. At that stage private development would have been permitted only on land that had passed through local authority hands.

The scrapping of the Act also means that local authorities will be able to sell freehold and offer longer leases—measures for which the major investment institutions had been lobbying for some time.

Cut in tax

The Development Land Tax Act of 1976 was the fourth attempt since the last war to *arrive at a satisfactory system* of clawing back some of the gains in land values achieved by landowners on the granting of planning permission.

The tax was planned ultimately to rise to 100 per cent but has been levied at an interim concessionary rate of 66⅔ per cent—against the prevailing official rate of 80 per cent. The tax has now been reduced to 60 per cent.

Opponents of the tax and the Community Land Act have claimed that they effectively prevented potential building land from coming on to the market. Owners were either not prepared to part with such a large slice of development gain to the tax man or were afraid that local authorities would compulsorily acquire the land under the Act.

There is however little evidence to suggest that the Act promoted land hoarding by local authorities but the threat was potential rather than actual. Mr. Heseltine himself has suggested that nationalised industries are likely to be bigger culprits in hoarding unused land.

In an attempt to find out how much unused land is held by nationalised industry and local authorities the new Bill provides for the establishment of a land register and will give the Secretary of State powers to enforce the sale of unused land if he sees fit.

The Bill also provides measures designed to improve planning procedures and reduce delays but it is unclear how effective these will be.

District councils will be given greater responsibility for planning and development controls at the expense of county councils, to reduce duplication. But much will still depend upon individual local authorities' attitudes towards new development.

Mr. Heseltine has said that he intends to be more accessible to developers who believe that their schemes are being unfairly blocked or seriously *delayed by local authorities.*

And he wants the processing of structure plans by county councils to be accelerated. These, he says, should be restricted to strategic plans for *future* land use and not become hogged-down with too much detail.

So that important new schemes should not be delayed, Mr. Heseltine is to allow local development plans to be adopted with necessarily waiting for structure plans to be completed.

Also in the Bill are measures to allow charges to be made for processing planning applications. How this might work has still to be decided and the costs to developers is unlikely to be prohibitive. There is also the hope that the system might become more efficient if it was on a "proper" financial footing.

More importantly Mr. Heseltine is examining the role of local authorities in operating and monitoring building controls. His initial view is that th eprivate sector should take more responsibility for the job.

However, any attempt to give his responsibility to developers or their trade *bodies is certain* to provoke strong opposition and lead to suggestions that the poacher is being asked to turn gamekeeper.

Among the more controver*sial proposals is the suggestion* that developers and owners of commercial property should be required to provide some kind of waranty backed by designers and engineers and supported by insurance.

Scrapped

Measures already introduced by Government include the *scrapping of office development* permits and a reduction in the need for industrial development certificates. Although these were regarded as potential restriction to new building, few major schemes in recent years have been prevented through the failure of developers to obtain either an IDC or ODP.

Further evidence of the Government's determination to switch the emphasis from the public to the private sector is provided in the present programme of new town property disposals. The 21 new towns in England are required to sell assets totalling £140m by the end of *March.* At the same time the English Industrial Estates Corporation has been given the right to sell factories and land.

APPOINTMENTS

Turner & Newall Industries

TURNER AND NEWALL INDUSTRIES INC (Turner and Newall's holding company in the U.S.) has appointed Mr. A. T. Blomquist Jr. as President and chief executive officer with effect from February 1. He is at present president of the Varez Exploration Company of Denver, Colorado, a subsidiary of Rohm and Haas Company.

Mr. Blomquist will be responsible for Turner and Newall investments in the U.S. He will be proposed for election to the Board of Huot Chemical.

★

Following the news that acceptances of its cash offer for shares in NATIONWIDE LEISURE has brought its total stake to 60.69 per cent, Rantlodge has announced its management plan for the development of the company.

It is intended that the directors should be the directors of Rantlodge with the addition, as managing director, of leisure and travel expert Mr. Vincent Cobb, who is already managing director of Rantlodge's travel subsidiary Club 18-30. He will remain managing director of Club 18-30.

A further move designed to strengthen the leisure expertise in Nationwide is the plan to appoint Mr. Brian Garnett as managing director of Nationwide's largest subsidiary, Surrey Car and Caravan Company.

★

Mr. Alan Fraser, formerly circulation manager, has become circulation director of FINANCIAL TIMES.

★

Mr. R. K. Scott has been appointed a director of BIBBY LINE. He will continue as the company's secretary.

★

At S. W. FARMER GROUP, structural engineers, the following have been made deputy managing directors: S. W. Farmer and Son—Mr. James E. Gower; Farmer Plant Engineering—Mr. Roland S. Westwood; Farmer Fabrication Units—Mr. Donald Hardy; and Farmer Construction—Mr. Alan M. Murray. Mr. Henry A. Tucker has been appointed to the Board of Farmer Plat Engineering, and Mr. Stanley L. Lewis has been appointed to the Board of Farmer Construction.

★

MANUFACTURERS HANOVER TRUST has appointed Mr. Harry B. Folk vice-president and manager of its Bucharest branch. He replaces Mr. Rainer G. Gebhardt, who is leaving for a new European assignment.

★

Mr. J. A. D. Reckitt and Mr. A. E. Cronin will be joining the partnership of McANALLY MONTGOMERY AND CO., stockbrokers, from January 14. Mr. R. Fisher and Mr. R. Salmon have been elected as members of the Stock Exchange and will be associates.

★

THE RELIANCE MUTUAL INSURANCE SOCIETY has appointed Mrs. Barbara M. O'Driscoll assistant life manager.

★

Mr. Peter Bennett, general manager of BIP Moulding division (Streetly Products) has been appointed chairmao of moulding division and a director of BRITISH INDUSTRIAL PLASTICS. *BIP is a unit company within* Turner and Newall Limited. Mr. David Carruthers has become managing director, responsible for the four UK manufacturing divisions, following *the retirement of* Mr. George Sly.

★

Following a decision by Mr. John Panks to stand down as chief executive, the Board of AUTOMOTIVE PRODUCTS has appointed Mr. George Pears chief executive. Mr. Panks remains executive chairman and Mr. George Pears retains his position as managing director.

★

The Denver equipment division of JOY PROCESS EQUIPMENT has made the following apointments: Mr. A. K. Manning has been appointed managing director; Mr. J. Wheeler has been made general sales manager and Mr. B. D. Bennett becomes manager of operations.

★

Mr. John G. Perkins has been appointed sales director of DEX GEARS, a Dowty Group industrial division company.

★

Mr. J. P. D. Heyward has been appointed a director of POSGATE AND DENBY (AGENCIES).

★

Mr. W. Paul Frech has been appointed corporate vice president—operations of the LOCKHEED CORPORATION. He fills a vacancy created a year ago when General Jack J. Catton was promoted corporate vice president — business development.

★

Mr. Christopher Vavasour, marketing services manager of BP Oil, is to be the next chairman of the AGRICULTURAL TRAINING BOARD in succession to Sir George Huckle, who is retiring.

★

Mr. E. R. Heward has been appointed the CHIEF CHANCERY MASTER following the resignation of Mr. R. E. Ball.

New chairman at Spillers

Mr. G. Terry Pryce has become chairman and chief executive of SPILLERS, in succession to Mr. W. M. Vernon, who has resigned all offices and appointments in the Spillers Group by agreement with Dalgety.

Mr. P. G. M. Best, Mr. P. J. Elton and Mr. G. A. Whittaker have resigned as non-executive directors of Spillers, and Sir Archibald Forbes, who retired from the Board in 1973, has also resigned as president.

Mr. R. N. Harris, a senior executive of Dalgety, has been appointed a director of Spillers.

★

Mr. Robert Miles, manager of ELSOMS SEEDS' cereal seed division, has been appointed a director.

★

Mr. Stuart Truelove has been appointed a director of ASHVILLE PROPERTIES.

★

Mr. Godfrey Neal, chairman of THE CONNAUGHT HOTEL, has retired and been replaced by Mr. Morton Neal.

★

Mr. Leonard Allen has been appointed secretary-general of THE FEDERATION OF PERSONNEL SERVICES. Miss Christine Little has become deputy secretary-general.

★

UNICO FINANCE have appointed Mr. Wm. Craig as deputy chairman.

Mr. Walter Hegarty has become a director and general manager. Mr. W. Harvey and Mr. B. Sherlock have been appointed directors of the advisory Board.

★

Mr. Richard C. W. Guilford will be joining ATLANTIC INTERNATIONAL BANK on January 21 following his appointment as manager, Latin America.

★

Mr. Peter H. Blackmore has been appointed to the Board of DIRECTORS AND OFFICERS as technical director.

★

Mr. Kevin Jones has been appointed financial director at the production and research complex of INTERNATIONAL PAINT at Felling-on-Tyne.

★

Mr. T. A. T. Chapman has been appointed finance and administration director for NORTON CHEMICAL PROCESS PRODUCTS—Europe, an affiliate of Norton Company chemical process products division of Akron, Ohio, U.S.A.

★

UNIVERSAL CONTAINER (UK) Glasgow, has appointed Mr. Alan Hall to the Board as a non-executive director. He is a third generation cooper and owner of the old traditional cooperage Hall and Ryan which was established in 1848.

Sir Keith Joseph: reaffirms non-intervention.

Public sector steel is 'bankrupt'—Joseph

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LABOUR DEMANDS that the Government should intervene and attempt to settle the steel strike were firmly rejected in the Commons yesterday by Sir Keith Joseph, the Industry Secretary.

Making a statement on the strike as Parliament resumed after the Christmas recess Sir Keith emphasised that any increase in the British Steel Corporation's wage offer must be paid for by improved productivity.

"The British Steel Corporation is bankrupt — or if it were not a nationalised industry it would be bankrupt," he told the Commons.

"In the situation we face the future of the industry, and in particular its ability to grant wage increases, must be a matter for management and workforce. I am not in charge of tha management of the corporation."

Mr. John Silkin, Labour's industry spokesman, said there was not one word in the statement to indicate that the Government was aware that it should be going in to settle the dispute.

Mr. Silkin argued that the Government was responsible for the strike because of its ultimatum that BSC should break-even by March. He maintained that it was wrong for Sir Keith to claim that he was following the policy of the previous Labour Government when in fact he was presenting a "rigid ultimatum."

"Is there no point at which the Government would intervene to bring the parties together?" he asked.

COMMONS business has been re-arranged to allow a debate on the steel industry on Thursday. The remaining stages of the Competition Bill have been put back and should be debated next week.

Mr. Silkin saw the whole statement as a reiteration of the case made by the BSC. He thought that Sir Keith was not even aware that the dispute coud bring the whole of British industry to a standstill.

In reply, Sir Keith said that by urging the Government to "go in to settle" Mr. Silkin was really suggesting that it should find some more taxpayers' money.

There were cries of "distortion" when he told other Labour critics that "the taxpayer has found and is finding £4bn for the steel industry—that is over £200 per family—towards steel. That surely is enough involvement."

In his statement Sir Keith emphasised that in 1976 the steel unions had committed themselves to increased efficiency. But that efficiency had still not been achieved.

According to Sir Keith, the present union commitments on productivity did not represent any real advance on the undertakings given four years ago.

"Regrettably these undertakings were not fulfilled," he said. "Against this background it is not surprising that BSC are now looking for performance."

There was also criticism of the Government by Mr. David Steel, the Liberal leader, who thought it wrong of Sir Keith to wash his hands of the consequences of the Government'a economic policy.

Since most of our European competitors gave financial help to their steel industries it was strange of the Government to impose a deadline on the BSC to break even. That itself was a form of direct intervention, he said.

Gas pay offer is likely to anger water workers

BY PHILIP BASSETT, LABOUR STAFF

BRITISH GAS yesterday offered its 40,000 manual workers improved basic pay rates of between 13 and 16 per cent.

The size of the offer will not improve feeling in the water supply and sewerage industries, when manual workers have been offered a pay increase of 13.1 per cent overall — and rather less than that on basic rates. They are threatening national strike action if the employers continue to refuse their claim for comparability with the gas and electricity supply industries.

A joint comparability study in the water industry has shown manual workers there to be some £10 a week behind comparable grades in the other two utilities, according to union officials. The prospect of gas increases being larger than those being proposed in water will do little to temper the already-strong feeling among water workers.

The water employers' difficulties have already been compounded even before this latest offer to the gas manuals by a aeparate gas industry settlement which will give eventual increases of 5 per cent, together with the consolidation of productivity supplements in return for a job timing study and a lowering of bonns rates to at first 58 and then 55 per cent of present levels.

The package offered yesterday by the gas corporation—as the manual workers' annual offer—proposed increases on basic rates ranging from £7.65 a week for labourers to £11.37 a week for craftsmen.

The increase would take the present basic rates for the two grades to £64.90 and £78.93 for a 40-hour week. The offer also includes an increase in the present stand-by payment by £2 a week, an additional local holiday for workers with 12 months service and an additional one day's annual holiday entitlement for those with five years' service.

Tha trade union will now consider the offer before a further meeting on February 1.

The meeting between the corporation and the unions, led by the General and Municipal Workers' Union—which represents the bulk of manual workers in tha gas industry—was the first since the unions tabled their claim two months ago.

The claim called for the establishment of an £80 manimum at the bottom end of the pay structure, which would be an increase of more than 25 per cent on the present rate.

The link between the gas and water workers' ambitions on pay this year is emphasised by the fact that water workers' negotiators took the gas-workers' £80 minimum as a benchmark when setting their own minimum target for their industry of £75 a week.

Rail talks make little progress on productivity

By Our Labour Staff

British Rail's attempts to improve efficiency on the railways again ran foul of differences between the main rail unions on their approach to productivity yesterday.

The unions met the British Railways Board for further discussions on the board's "Challenge of the 80s" paper on changes in the industry.

The paper looks for greater flexibility in freight services, the introduction of new technology in certain key areas, the removal of demarcation in train manning, reduced labour turnover and absenteeism in train operations and other improvements.

While it holds out the chance of reducing hours worked in the industry — for long a priority of the rail unions — it makes clear that revenue savings cannot be spent wholly on pay.

Little progress was made in the talks yesterday, though, since the largest union, the National Union of Railwaymen, stuck firmly to its £300m pay and conditions package as the terms for its co-operation with improvements.

The train drivers' union, ASLEF, stuck just as firmly to its intention not to take part in special talks on productivity outside the normal rail machinery.

Mr. Sid Weighell, NUR general secretary, said after the meeting that "unfortunately" despite the NUR's attempts to get a joint approach by the unions "ASLEF seem more concerned about the level at which talks should be held rather than the issues which have to be faced." The NUR will now submit its own proposals.

However, British Rail said yesterday that working parties involving the NUR and the white-collar union, the Transport Salaried Staffs' Association, had been set up to examine individual areas of unions' responsibility.

Stern responses to aggression

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday reaffirmed its stern response to the activities of both the Soviet Union and the steel strikers.

Sir Keith Joseph and Mr. Douglas Hurd vied at the Commons Despatch Box in uncompromising resistance to such diversely aggressive appetites.

Defender of the taxpayer, Sir Keith listed with mounting horror the steel indnstry's consumption of pnblic money since 1975.

Some £3.5bn had been fed into the industry in an attempt to improve its efficiency, be said—but none of the promises had been fulfilled.

This year the taxpayer was providing £1,800 of each steelworker's £5,000 earnings. Was it fair, he asked, that the pnblic contribution should be raised?

To no one's surprise, Sir Keith's answer was firmly negative. The contraction of the industry would be painful he recognised, but only more suffering could ensne from a failure to live within its means.

Mr. David Steel, the Liberal leader, protested that the Government conld not wash its hands of the consequences of its entire economic policy.

But Sir Keith retorted that he had already dipped far enough into the taxpayers pocket and—despite some hectoring from Mr. John Silkin and Mr. Edic Varley—he refused doggedly to consider any further intervention.

Such non-alignment, however, was no protection against the Soviet Union'a appetite for expansion, Mr. Hurd made clear as he took the Commons floor.

The unprovoked act of aggression against Afghanistan would be followed by further Soviet adventures unless the international community showed that it could not be undertaken with impunity, he said.

The Foreign Offica was developing its own response be assured MPs.

Sanctions

The Government had demonstrated the depths of its anger by closing the British Council office in Kabul and recalling the British ambassador.

The U.S. must not be alone in its firmness, Mr. Hurd declared amid Tory cheers.

Britain would be discussing with her allies such additional sanctions as a boycott of the Olympic Games in Moscow, fewer meetings with Russian ministers and "suitable economic measures."

"In our judgment this is not a time for either panic or weakness," Mr. Hurd said.

"The Soviet Union bas launched into an unprecedented foreign adventure. The chances of such an adventure being repeated will be reduced if it met with a firm and concerted response."

Tories want trade action on Soviets

BY IVOR OWEN

BRITAIN wants limitation on trade to figure prominently in a firm and calculated response by the West to the Soviet Union's invasion of Afghanistan, Mr. Douglas Hurd, Foreign and Commonwealth Office Minister of State, indicated in the Commons yesterday.

He made it clear that two key objectives should be the ending of cheap credit facilities previously accorded to the Soviet Union and a ban on any further sales of European Economic Community food surpluses to the Russians at knockdown prices.

Mr. Hurd, whose condemnation of Russia's unprovoked act of aggression against an independent country was endorsed from all quarters of the House, stressed the need for concerted action by the West in mounting an economic counter-thrust.

"It is not much use Britain taking unilateral economic measures if the result is simply to transfer business from British firms to those of our competitors," he said.

Mr. Hurd told MPs that the first steps towards securing concerted action by the EEC will be taken today when a series of proposals will be discussed by the Council of Foreign Ministers in Brussels.

Replying to demands for action to stop the Olympic Games which are due to be held in Moscow this summer he gave an assurance that the switching of this event to a new venue will be among the wider issues discussed today at a meeting of the NATO Council.

When Mr. Cranley Onslow (C., Woking) urged that the economic measures taken by the West should include a denial of landing rights for Soviet aircraft and the closing of ports to Soviet ships, the Minister declined to enter into a detailed discussion of the available options.

Mr. Hurd maintained that by invading Afghanistan the Russians had shown, more vividly than ever before, that when they had the chance of gaining positions of power in developing countries, they were willing to put at risk their relations with the West. Non-alignment was no protection against their appetites.

He warned: "We can expect further Soviet interventions elsewhere, unless the international community shows clearly that acts of this kind cannot be undertaken with impunity."

Leading the condemnation of the Russian invasioo of Afghanistan from the Opposition benches, Mr. Peter Shore, Shadow Foreign Secretary, underlined the importance of securing concerted economic action by the major Western countries, particularly France, Germany and Japan.

While welcoming the Government's decision to stage a full-scale dabate in the Commons next week on the Russian aggression, he argued that it would he premature and unwise for the West to abandon the long-term goals of arms limitation and detente.

Gas price rise will ease usage

By Ivor Owen

WITHOUT A significant rise in domestic prices, Britain'a natural gas assets would be burned up "dangerously fast" and create future shortages, Mr. David Howell, Energy Secretary, contended in the Commons yesterday.

He strongly defended the proposals by British Gas to raise prices to domestic consumers by almost 29 per cent this year.

Dr. David Owen, Labour'a Shadow Energy Minister, called for some of the additional revenue to he made available for investment in the energy industries. He pressed for nw measures to prevent the high cost of gas causing hardship to low-incoma families.

Rent and rate schemes were already in operation to belp needy households, he said, but an energy rebate scheme was now required as well.

Mr. Howell replied that measures designed to relieve hardship should form part of social policy and not energy policy.

While accepting tbe case for an economic pricing policy for gas, Mr. Peter Emery (C., Honiton) warned that without a clearer explanation of the reasons for the substantial increases planned by British Gas, there was bonnd to he major criticism from domestic consumers.

Mr. Howell acknowledged the need to highlight the wider aspects of national energy policy, and re-affirmed the Government's view that some of the benefits from the higher prices from gas should go to the community as a whole, as was the case with North Sea oil.

Claim for 35-hour week

THE BREAKTHROUGH on working bonrs by manual workers in engineering has been followed by a claim for a 35-hour week on behalf of the industry's white-collar staff, writes Alan Pike.

Manual workers will go onto a 39-hour week from November of 1981. The 35-hour week claim has been made on behalf of staff members in the Association of Professional, Executive, Clerical and Computer Staff, the Association of Scientific, Technical and Managerial Staffs, TASS, the white-collar section of the Amalgamted Union of Engineering Workers, the Association of Clerical, Technical and Supervisory Staffs and the Managerial and Technical Staff Association.

Mr. Roy Grantham, general secretary of APEX, said in a letter to Mr. Anthony Frodsham, director-general of the Engineering Employers' Federation, that new technology affected staff workers more than manual workers and there was a need to cut hours to avoid increased unemployment.

Mass picket at strike factory

BY GARETH GRIFFITHS, LABOUR STAFF

A MASS picket of a sweets and chewing gum factory at Slough, Berks., is planned tomorrow by the General and Municipal Workers' Union after a three-month strike by members—mainly Asian women—at the plant.

The dispute, at Chix Confectionery, Farnham Road, Slough, started on October 10 and has been made official by the union. Tha causes of the strika, according to the union, are the refusal of the company to consider a union recognition claim and rates of pay. Union officials argua that the dispute "has the makings of a Grunwick-style confrontation."

Mr. Jerry McMullen, London regional officer of the union, said last night that he boped the mass picket would attract support from union members throughout the area. Slough Trades Council and the local Asian community have told the union they will be mobilising support for the picket, which will start at 6 am.

The union says it has 96 members taking part in the strike. Union officials view the recognition issua as important in their campaign to extend membership among low-paid Asian workers, and to a certain extent they see the dispute as a test case.

The union had been recruiting in the factory for several months in the summer before the dispute started.

Officials from the Advisory, Conciliation and Arbitration Service asked both sides to meet them in December for conciliation, but the offer was turned down. Since then ACAS has been monitoring the dispute.

Mr. McMullen said yesterday that Mr. Denis Rose, the company's owner, had spoken to him for the first time last Friday and the union was now slightly hopeful that some progress could be achieved. Otherwise it felt there could be a long war of attrition.

A union statement last night claimed that Chix management had employed 30 new staff to cope with the dispute, but said no supplies of materials had been delivered to the factory and stocks were running low.

The company said yesterday that it had no comment to make either on the effects of the picketing or on the causes of the dispute.

Esso drivers accept 18% rise on basic rates

BY OUR LABOUR STAFF

ESSO'S TANKER-DRIVERS and other distribution manual workers have followed thosa at Texaco in accepting a pay offer involving a 17.95 per cent increase on basic rates.

The result, confirmed at a Transport and General Workers' Union delegate conference yesterday, indicates that there is little likelihood of further serious industrial action from similar gronps working for the other oil companies.

Delegates representing drivers at Shell and BP are dne to meet next week to discuss the voting by workers at those companies. There may still be difficulties over tha way the companies have framed the offers, rather than their overall value.

Mr. Jack Ashwell, Transport and General commercial vehicle secretary, said the overtime ban by the 2,000 Esso drivers and gantry operators, which has reduced petrol supplies, would now ba lifted.

There would be a meeting of drivers at Esso's Stanwell, West London, terminal, who have been on strike over an issue related to the pay dispute. Mr. Ashwell said that that meeting would be held with a view to those drivers returning to normal working.

The Stanwell strike has seriously affected supplies of petrol to more than 400 garages in or near London.

The Esso deal, broadly in line with offers by other oil companies, includecs an extra 2 or 3 per cent on allowances and a £150 lump sum. The company says that the deal is worth about 22 per cent a year.

BSC cash burden 'not heavier than rivals'

BY ROY HODSON

THE IDEA heing raised during the steel atrike that the British Steel Corporation is labouring under a heavier hurden of depreciation and interest payments than its international competitors is refuted by a survey carried ont by the corporations research department.

In comparison with the depreciation and interest payments being borne by many leading international steel companies, British Steel's obligation are sbown to be comparatively light.

Pressure has heen growing during the strike for the Government to assist British Steel hy writing off all or part of its current interest and depreciation commitments.

The study of world steel industry accounting shows that the corporation is paying less than most of its competitors on deht servicing.

In terms of interest and depreciation par employee the accompanying table shows that BSC's current obligation is £1,665 a year. That is the lowest figure of all the companies compared.

INTEREST AND DEPRECIATION BURDENS OF LEADING WORLD STEELMAKERS

	£ per employee annually
British Steel	1,665
Thyssen (W. Germany)	2,212
Klockner (W. Germany)	3,932
Estel (W. Germany and Holland)	3,147
Usinor (France)	4,737
Italsider (Italy)	8,602
Cockerill (Belgium)	3,773
Arbed (Luxembourg)	2,611
Bethlehem Steel (U.S.)	2,185
Nippon Steel (Japan)	11,143

Source: British Steel

STEEL STRIKE

The fact that the corporation is grossly over-manned by world standards is a partial explanation. But even if the workforca in BSC steelmaking were cut from 152,000 to below 100,000, as tha management wants, the charge of interest and depreciation per employee would he only in the region of £3,000 a year. That would still be below the levels of charges being borne by many of the world's leading steel companies.

If the comparison is made on a basis of depreciation and interest paid on each tonne of steel produced, BSC is paying at a rate of £18 a tonne. That compares with Thyssen at £24 a tonne, Klockner £21, Estel £23, Usinor £27, Nippon Steal £23, and Italsider £44.

British Steel is writing off most of its equipment over 25 years. On the Continent steelworks depreciation over 15 years, and occasionally 10 years. But BSC has been investing at a far higher rate than tha world industry as a whole in the past five years: at 17 per cent of annual turnover compared with a world average of 8 per cent.

The corporation paid £208m in interest last year, is paying £188m this year and expects to pay less next year.

The corporation's interest burden is falling because since April 1978 new borrowings of £1.5bn—most of its capital requirements since that date—have been in the form of deferred remuneration capital which will not pay interest (dividends) until after the long-awaited capital reconstruction of the corporation.

BSC's board does not favour a capital reconstruction until the industry is working profitably.

The demand for steel in Britain is more likely to fall than to rise in the next two years, the Iron and Steel Sector working party of the National Economic Development Council said yesterday.

Tha working party concludes in its latest annual report that any expansion of output by the steel industry in the immediate future can only come from an expansion in export business.

But the working party'a objectives for net exports of steel of up to 3m tonens a year up to 1985 apepar to have been overtaken by events before publication. The Steel Corporation's new strategy includes a big reduction in export sales of about 1.5m tonnes a year.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and British Steel executives and hoard members are in the NEDC working party which recommends that "there is an urgent need to introdnce changes in working arrangements to improve the efficiency of the industry and enable it to break even at lower levels of capacity utilisation than has been the case previously."

Other points from the report: **Enlargement of the EEC.** The Government is urged to have regard for tha interests of the British steel industry in negotiations over the antry of Spain and Portugal to the Community. **Government support.** The Government should adopt a policy which in terms of the level, type, and duration of support given to the industry is no less favourable than policies adopted hy the governments of competing steel producers. **Scrap.** The working party wants the Government to be cautious about dismantling finally the machinery for controlling scrap exports. "At some future date these might be required to ensure a continuity of scrap and hence steel supplies for British manufacturing industry."

In a new international comparison of steelworks efficiency the NEDC working party reports that Continental steelworkers show a generally higher sense of responsibility at all levels than their British counterparts.

The study teams, which included management and trade union representatives, reported: "This was reflected in many ways—in the much lower proportion of management time taken up at the Continental works by industrial relation problems; by the willingness of chargehands to deputise for foremen; and by the absence of vandalism or theft."

The comparisons ara based upon British Steel Corporation works at Applaby-Frodingham, Scunthorpe, and Clydebridge, Scotland; Boogovens works, Ijmuiden, Holland; and Svenskt Stal at Oxelosund, Sweden.

Picketing of stockholders continues

BY MAURICE SAMUELSON

THE NATIONAL Association of Steel Stockholders said that only abont a tenth of its 264 members were picketed yesterday and that only about six were at a standstill.

Nevertheless, the association said, "a slow degree of stranglehold is taking place," in spite of a written assurance over the weekend by Mr. Bill Sirs, the ISTC leader, that the strike was not aimed at the private sector.

Among stockholders most affected yesterday was Walker Steels, the Blackburn-based group with warehouses in several parts of the country. The company, which employs 600, says it has received no steel since the strike began three weeks ago. No supplies were entering or leaving the biggest depot at Blackburn, with 1m sq ft of storage space.

In Bradford, Yorks, Henry Barrett and Sons, a medium-sized stockholder, experienced its first picketing of the strike when ISTC members arrived from Rotherham 35 miles away. It was not immediately effective.

However, Mr. Ernest Barrett, joint managing director, said that in spite of large quantities of steel held by consumers, warehouses could experience shortages of some popular sizes in about three weeks.

Other stockholders were distinctly nervous abont action being increased against them and were reluctant to be either named or qnoted. According to NASS, however, at some warehonses pickets dispersed after heing assured that BSC customers wera not being helped.

Speke faces new blow

BY RHYS DAVID, NORTHERN CORRESPONDENT

A FURTHER 250 Dunlop jobs are now in jeopardy on Merseyside following tha failure of company talks with the Government over grant aid for relocation.

The company has been negotiating with the Department of Industry for assistance towards the cost of moving its golf ball factory at Speke to new premises. It had boped that the Government would provida most of the £2m required.

The factory is adjacent to the former tyre plant at Speke, which closed with the loss of 2,300 jobs last year. It makes use of the same aite services.

Dunlop told workers at the golf ball factory yesterday that the talks had not produced the level of support that the company had expected. No further action would be taken until employees had had a chance to discuss the situation.

It seems likely, however, that closure will follow unless some other way of funding the relocation to a smaller aite is found.

Dunlop claims to be the world's largest mannfacturer of golf balls with nine factories around the world serving regional markets. In the UK, the company has a modern purpose-built plant producing golf balls in Yorkshire, as well as its Speke plant.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How valid are value judgments?

Gordon Laing questions the way individuals and organisations make important decisions

IT HAS become fashionable these days to talk about "value judgments." Quite often this is a shroud to scare away the uninitiated, and when the user of the expression is questioned in detail he simply means "I think," or alternatively "the people I chose to ask, think." Some business analysts now tend to use tha term disparagingly, using expressions such as "that is a valne judgment, of course" as a rather polite way of saying "OK that'a what vou think, Chum."

But should the term be so used; and what should it really imply? The Oxford Dictionary talks about "value" in terms of "being worth," or "worthy of esteem." "Judgment" is a wider term, but includes such things as "an opinion or estimate," and "mentally apprehending the relation between two subjects."

In some respects wo have been making valne judgments from childhood, and indeed this is how we learn to survive. We learn that it is dangerous to play with fire, wasps and bumble-bees, all too often tho bord way. By living in a real world we form certain behavionral expectations, or models of our environmont. We use these modela, which represent our own value judgments of situations, in taking day to day actions. Tho fact that they are specifically ours does not mean that they are wrong any more than it means they are right.

The term "risk" is often closely connected with valne judgments. Insurance underwriters are often able to assess risk on the basis of past information, but occasionally something nnexpected occurs. The wise underwriter will fix his premiums such that, hopefully, he can still attract sufficient business, and yet at the same time keep his premiums high enough to cover the unexpected event whatever it may prove to be. The experienced underwriter possesses this ability as a kind of instinct; and yet is it instinct, or is he merely quantifying all the events or happenings about which be has first or second-hand information?

Thus thore may be sense in the experienced underwriter asking several of his more experienced colleagues whether he has made sufficient allowance for these effects. This is a meaningful and generally useful value jndgment.

A beauty contest provides another Interesting example of value judgments. There is no reason why the judges should be unanimous about the winner, since each judgo will havo a different set of inbuilt standards, or values, and these standards will have been modified by experience and environment. Experience can be a great modifier of values and a judge who comes from a tropical island and lives surrounded by beaulliful women will have a different standard, or scale of values, from his twin brother who bas spent his life incarcerated on another island with a group of rather elderly female witch doctors.

It is also probable that their discriminatory abilities between the beauty candidates will be different, since they will have been used to judging at different ends of the scale. This shows the inherent difficulties of trying to compare value judgments made by different people.

Unfortunately, value judgments are not confined to such relatively light-hearted mattors as beauty contests. They can also be a major Influence in matters of national importance. Many reports on large expenditures or reorganisations are produced which appear to be largely based on tho thought processes of the authors, rather than facta and figures. They are, Indeed, often largely opinions, or value judgments which in due course may well provo to be Incorrect.

The difficulty is, of course, that a huge volume of material, bound between impressive covers, tends to produce in the reader the idea that here is a report which covers all aspects of the subject and that the conclusions must be valid. The report may Indeed have considered a multitude of aspects, but these may have been selected mainly to support the preconceived views of the writer. So the conclusions which are drawn will frequently not bear more objective analysis.

Essential to the task of value judgment is the collection and assessment of information in an unbiased manner.

Evidence for both sides of the argument muat be collected and a continuing dialogue maintained in order to ensure that all views have been fully considered. Especially Important is the obvious but oft-neglected fact that unexpected changes of policy can produce effects which were not originally anticipated. For this reason the overall objectives should not necessarily be just based on tho immediato valuations of the people who have commissiooed tho study.

Wear and tear

For example, in deciding whether or not to olose nnprofitable local railway lines, or determine rail freight rates, and costs and the availability of alternative transport are not necessarily the only considorations. The additional cost of road woar and tear, and of road improvements may have to be considered. On a still wider front, onergy conservation demands may Indicate that tho majority of freight should be taken by rail.

Narrow consideration which seem critical in the short term, can prove disastrous in tho long term. To some extent the growth of large cost-effectiveness teama and working parties in the 1950s and 1960s may have been partly responsible.

If cost-effectiveness was one of the principal goals of tho "Organisation and Methods" man, the goals of the operational analyst are now more complex. Ho sometimes uses the economist's concept, "utility" (a kind of measure of usefulness), and sometimes has even more complicated decision rules.

Quite apart from rather more esoteric arguments, one of the principal woaknesses of such approaches is the surprisingly dramatic way in which the utility value may change with time. Business analysts are now less concerned with "optimnm solutions" than with so called "rugged decisions" which will stand the test of time.

In this rather unsatisfactory situation, where quantification of a pseudo-scientific nature haa bad disastrous results, we find ourselves in some danger of reverting to vague talk about "uncertainty principles" and "valuo judgmonts," in much the same way as the anciont Greeks abandoned their crude atomic theories when ridiculed by Aristotle.

Where does this take us? At least one of the major banks in Britain uses valuo judgments as a means of forecasting intorest rates. A panel of "experts" is asked to predict tho movoment of interest rates over tho next month, and the average of these estimates may then be used as a prediction. Further refinements can be made by weighting the prediction of each individual according to his past performance.

The fact that such predictions are reasonably roliablo for a one-month forecast for better than 70 per cent of the time, may appear to justify the value judgment approach. But quantitative methods show that interest rate values are highly correlaled, and if we use a relatively simplo mathematical forecasting approach we can obtain equally good results without tho use of any experts at all!

A consensus of value judgments appears to have the groatest use for present time assessments or extremely short range forecasts. This, at least in part, is due to the fact that the unexpected so ofton happens. The cost-effectiveness studies mentioned oarlier are, in effect, a form of present value judgment, since they tend to value situations in terms of present costs, or future costs as perceived at the present time.

But the real difficulty with the uso of value judgments in complex situations tends to remain. We must not only have a clear idea of where quantification ends and usoful judgment begins, but we must also learn the best way to mako these jodgmonts.

Problems which are complicated sbould be segmented into parts; then, after reasoned quantification and analysis, the nocessary action or decision may become immediately obvious. The segments should then be reviewed as a wholo, and also in relation to the future. Only when the future presents an amorphous mass of intangible probabilities should a "value judgmont" be used for the problom as a whole.

Many American banks can provido us all — and particularly the City of London — with an object lesson in this typo of numerate but down-to-earth approach. This applies as much to the application of realistic techniques of quantification which are even more effective than chartism, as to tho subsequent analysis and decision-making.

If problems are fully explored in the ways I have suggestod, then value judgments and the subjective assessment of probabilities need be applied only to relativoly few remaining intangibles.

Dr. Gordon Laing is with the Defence Operational Analysis Establishment of Britain's Ministry of Defence.

"Of course, my dear, I am always willing to have my value judgments modified by experience . . ."

The Big Apple's small corps

THE SEVERE economic crisis that bit New York in the mid-1970s bas not dimmed the level of confidenco in tho city as a place for small businesses. This is a main finding in a recently-published survoy carried out by the respected Louis Harris organisation for the Chemical Bank.

The snrvey showed that those involved with small businesses wore optimistic about the future of the city, which bas now recovered from its recession. Indeed, the recovery has been such that in five years office rents bave almost doubled, from a median of \$8.70 a square foot to \$16.60. On the other band, a legacy of the crisis has been the further contraction in the number of jobs available. In the past 10 years, over 500,000 jobs have been lost, half of them in manufactnring, and today almost half of small businesses in the city are in the wholesale and retail trades and another quartor in service industries.

Almost 700 firms were covered by the survey, ranging in terms of annual sales from \$5m to \$105m. The picture that emerged of the composite small business man in New York was that he works 56 hours a week, is 50 years old and has an annual bousebold incomo of \$106,700. He bas been in business 32 years, 28 of them in New York. While the average company employed 181 peoplo, 31 per cent omployed fewer than 25 and 48 per cent fewer than 50. Annnal sales average \$16.6m, but for more than half, the annual sales total is less than \$10m.

Rising oil prices will hurt the whole economy, but small New York businesses should be less affected since 63 per cent of them savo transport costs by baving their primary customors within tho city, aays the survey.

Accoss to markets offsets dissatisfaction with high taxation and with city regulations for the 48 per cent of the respondents who intend to stay in New York. Indoed, 17 per cent say they can do business nowhere alse, while 18 per cent liko the city for the availability of professional business services and 41 per cent cite New York aa just a convenient place to do business. As a result, three-quarters of the respondenta are not looking to relocato out of New York City, and of the quarter who are, a third intend to atay within the confines of New York's five boroughs, a third would move no farther than noighbouring states and another quarter would move to the city's immediate suburbs.

Such loyalty to New York exists in the face of what businessmen — perhaps the world over—consider to be an onerous tax burden. But the tax rate is higher in Now York than neighbooring states, and part of the Federal Government's ballout of New York in 1975 required the city to raise six major taxes. The New York City corporation tax alone reached over 10 per cent before dropping back somewhat.

Besides the taxes, city regulations ontail paporwork that 48 per cent of the respondents called "a major problem for thoir firms" whilo a quarter of the respondents registered distress at unnecessary regulation, tho complexity of the law and tho time required to deal with regulatory matters.

Other areas the survey touched on showed that over 60 per cent of New York's small firms do business on an international basis and 60 per cent of those expect that part of their business to expand in future. Some 80 per cent felt they had no influence on government and 68 per cent wantod to bave more of a voice in govornment regulation, especially since they assumed that government regulations were intended for big business and small business had to suffer the consequences and expense of compliance.

Though conducted before the Federal Reserve Bank's measures in October to clamp down on bank lending, the survey found that executives considered the availability of capital to be a major factor in their growth capacity in the 80s. To try to alleviate their fears, the government's Small Business Administration is expanding its operations and, for the first time, guaranteeing loans made by a non-bank. Commercial Credit Company, a subsidiary of Control Data Corporation witb assets of \$5½bn, ballyhoood the news of its affiliation with the SBA in a New York news conference, emphasising its own commitment to small businesses. Responding to the SBA's finding that balf of all new businessos fail or soll out within the first year, Control Data bas already set up office centres whero small businesses not only rent spaco but also bave access to technical services, libraries and conference facilities. All that is needed now is the monoy, which Commercial Credit confidently expects to provide.

The Harris survey detected a note of pessimism creeping into oplnions on the future, with 43 per cent of the respondents feeling that by the end of the 1980s smaller businesses will have lost much of their potential for contributing to the ecooomy, a foeling that was particularly strong among professionals liko lawyers and accountants.

Despite a certain hostility to hig business, the small business man looks forward to his own growtb, not only by making acquisitions but also—much to the surprise of the survey takors—by being acquired. "Six out of ten of the executives say they would be interested in acquiring other companies in the 1980s, and an even more astonishing four in ten would bo interested in being acquired." A xenophobic New Yorker would not be too surprised with that result: he would assume a business man would want to be in New York, whether he kept bis business or not.

Frank Lipsius

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R·H

LEASING

U.K. or Brussels £ Neg.

A treasury role with additional involvement in credit management. Our client, a leading equipment manufacturing and marketing concern, invites applications from candidates with experience of financing sales through leasing arrangements. The appointment, which reports to the European Controller, also calls for the ability to assess credit-worthiness of clients and to deal with international banks. The job could be based U.K. (West of London) or Brussels.

EXCELLENT PROSPECTS

London £10,000

Ideal opportunity for qualified accountant with two years post-qualification experience seeking introduction to industry. Highly professional individual required to join operational audit team. Scope for independent decision making for candidate with initiative. Travel covers U.K. and continental operations. Exposure to affiliates, joint ventures and subsidiaries. Knowledge of EDP systems and statistical auditing techniques an advantage.

DIVISIONAL ACCOUNTANT

S.E. London £9,000 + Car

An outstanding, broadly based role within a leading engineering Group. The position will give a valuable insight into both U.K. and international operations, involving statutory accounts, cash forecasting, budgets and business plans. It is ideal for a young ACA with good inter-personal skills and sound technical ability. The successful incumbent should follow a positive career path with the Group. Relocation paid.

BANKING

C. London c £9,000 + Mtge. Benefits

A rewarding opportunity with a leading U.S. Bank which seeks a qualified accountant. Your dual role will include reviewing systems and financial controls throughout all the departments. The other aspect involves training staff in current accounting standards and auditing. Some world wide travel will be necessary over a two year period after which you will be promoted into a line position.

YOUNG ACA

Surrey £8,500

The head office of e multi-million turnover group, which stresses team work but recognises individuality, seeks a bright professional accountant. Particular responsibility will be taken for an international region and the related review of its financial statements. Other duties will include the development of inflation accounting policies and procedures, keeping informed of Institute pronouncements, special assignments and investigations. Career development can be expected to directorship levels. Relocation paid.

Tel: 01-606 6771
Lee House, London Wall, London EC2Y 5AS

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Accountancy & Financial personnel specialists

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A career development appointment within e spacielist services team providing financial management support to the subsidiary companies of a major UK Public Group.
Based at Head Office and reporting directly to the Chief Accountant you will assume progressive responsibility for all espects of the financial management of four subsidiaries. Additional projact work will include involvement in financial policy and accounting practice. and early emphasis will be given to computerisation and to current cost accounting. Initial salary is negotiable and progressive, a full benefits package is provided.
Application is invited from qualified accountants, minimum age 25, from the Profession or Commerce.
Call Sue Burns, MSc, ACA on 01-243 6321.

Personnel Resources Limited 01 248 6321
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Corporate Personnel Consultancy, Leading Specialists in Finance & Personnel Management Appointments

JOB COLUMN WILL APPEAR ON THURSDAY, JANUARY 17th

Senior Appointment– Investment Accounting

Provident Mutual requires a Senior Assistant in its Investment Accounts Section, in the City of London.

The work will be concerned mainly with the administration and accounting of the Investment portfolio of over £400m. In addition he/she will become involved in the management and disposition of the short term assets and cash flow of the Association. The successful applicant would deputise for the head of the section.

The work demands sound experience in accounting probably gained through a professional qualification. A knowledge of the workings of the Stock Exchange, Foreign Exchange and Money Markets would be an advantage.

In eddition to a progressive salary of not less than £6,000 p.a. benefits would also include free lunches, season ticket loan, flexible working hours, non-contributory pension and generous house purchase facilities.

Please write giving age and details of qualifications and experience to Mr. C. Young, Personnel Manager, Provident Mutual Life Assurance Association, 25-31 Moorgate, London EC2R 6BA.

PROVIDENT MUTUAL
LIFE ASSURANCE ASSOCIATION

Glynwed Group Services

TAXATION ACCOUNTANT

Sheldon, Birmingham

Glynwed Limited is a public company engaged in the manufacture and distribution of a wide range of engineering and building products: Sales turnover is in excess of £300 million.

Accountability is to the Group Taxation Manager for:-

— Preparing Corporation Tax computations for submission to the Inland Revenue, and providing an advisory service to Group companies in relation to taxation matters.
— Maintaining an interface between Group Headquarters, Group companies and auditors on all taxation matters in relation to annual and half year accounts.
— Providing authoritative advice on taxation matters in relation to strategic business planning.

Applicants, male/female, must be certified or chartered Accountants, or alternatively, have received formal training with the Inland Revanue followed by experience in a commercial/industrial taxation department. A thorough understanding of Taxes Acts, and the taxation-related problems of an industrial group with overseas subsidiaries is essential.

Telephone or write for application form to:-

R. Withey, Group Staff Manager,
Glynwed Group Services Ltd.,
Headland House, New Coventry Road,
Sheldon, Birmingham B26 3AZ.
Telephone: 021-742 2366.

GLYNWED

ACCOUNTANT

We are one of the largest and most progressive Continental vehicle dealers in the country with a turnover of over £6 million.
The position, which demands a quelified C.A. or a parson with wide practical accounting experience, offers an interesting variety of responsibilities and activities. Experience in the motor trade would be an advantage though not essential. Sophisticated Business Management systems have been instituted and rapid financial reporting is essential.
Salary is negotiable but will be commensurate with experience. Fringa benefits include use of company vahicle and B.U.P.A.

Please write with C.V. to:
Tha Company Secretary
THACKER MOTOR GROUP LTD.
155/159 Edgware Road
London N.W.9

Our client is a well-diversified and expanding manufacturing company whose range of sports products enjoys brand leadership.

CHIEF ACCOUNTANT
N.W. SURREY c£8,000+Car

A Chief Accountant is sought for one of our client's larger subsidiaries. This capital intensive company, based in N.W. Surrey, is engaged in industrial packaging. Responsibility is for all aspects of financial and management accountancy. As a member of a small senior management team this appointment provides a significant opportunity to influence the future direction of the company. Preference to qualified accountants with at least 5 years' commercial experience. Earnings negotiable around £8,000+ p.a. plus company car.

ACCOUNTANT
N. LONDON c£7,000+

An Accountant is to be appointed by our clients to take responsibility for financial accounts within their main operating subsidiary. Previous costing experience is essential and computing systems knowledge advantageous because there is an initial assignment to advise the director of production on the development of a costing system which will subsequently be installed on a terminal based IBM computer. Candidates: 25 or over, may be part or fully qualified. Salary c £7,000 with opportunities for progression within the division or other subsidiary companies.

Please write in confidence with detailed c.v. to Bruce Crammond, Managing Director.

A&A Consultants Limited
International Recruitment & Selection Consultants
Princes House Suite 407, 39 Jermyn Street, London SW1Y 6DT
Telephone 01-734 9035 Telex 29116
Our clients are equal opportunity employers

YOUNG QUALIFIED ACCOUNTANT

UP TO £10,000 P.A.

Reqnired by major international corporation et their U.K. headquarters to join a highly technical and computerised environment. Applicants aged 24-30, preferably graduates with good communication skills, should call Steve Anchor on 01-734 9037.

A & A CONSULTANTS LTD.

ACCOUNTANT

We are a young, vigorous and fast-growing company of textile importers, based in the W.1 area and currently turning over £1,500,000 p.a.
We are looking for a person to join us who will take total responsibility for all the accounting functions of the company with partieular regard to: foreign exchange, letters of credit, credit control, tax and cash flow forecasting.
Experience in this field is more important than formal qualifications.
This is a secure position with the prospect of joining a young company and growing with it, with the commensurate rewards. We envisage an initial salary of £7,000-£8,000 p.a.
Please telephone Richard Lebentz on 01-637 9601

GENERAL APPOINTMENTS

Assistant to Managing Director

The Managing Director of our International Physical Trading Division requires an assistant to develop and co-ordinate world-wide commercial and trading strategies, policies and procedures for the sourcing and marketing of non-ferrous metals, ores and concentrates.

Applicants should have a wide range of international management experience in a metal industry or the metal trade, and should be familiar with terminal market trading practises.

The appointment will be City based and will carry an attractive salary and conditions of employment. Details of career to date and present salary should be sent to the Group Personnel Manager, Amalgamated Metal Corporation Ltd., Adelaide House, London Bridge, London EC4R 9DT.

AMC Amalgamated Metal Corporation

Financial Training

RECENTLY QUALIFIED ACCOUNTANTS

LONDON £10,000

Financial Training's pre-eminent reputation in the field of accountancy tuition ensures that an increasing number of people wish to employ our services. To enable us to extend the range of facilities which we offer to clients concerned with accountancy, stockbroking, banking, insurance and law, whether in pre- or post-qualification training, we require new tutors of outstanding ability.

If you are a qualified accountant who prefers dealing with people rather than with figures, if you are quick thinking and ambitious, if you are prepared to work hard and are under 30 (our students demand tutors who still remember what it is like to study for exams) we would like to hear from you.

If you come to us with no previous tutorial experience our immediate offer is a salary of £10,000 with bi-annual reviews, BUPA cover on the highest scale, 28 working days' holiday, the opportunity to improve your technical knowledge beyond your wildest expectations, the chance of testing yourself against the highest calibre of students and tutors in the country and the opportunity of working for an exciting company. Subsequent development with our organisation is a function of ability.

If you find this a sufficiently challenging prospect please ring Bill Kemp on 01-960 4421 or write to him at 136/142 Bramley Road, London W10 6SR. He will, of course, treat all replies in strictest confidence.

LONDON—MANCHESTER—LEEDS—JERSEY—BUXTON—SHEFFIELD—BIRMINGHAM
NEWCASTLE-UPON-TYNE—DUBLIN

MONEY MANAGEMENT/FX

EAL

Hong Kong c £15,000

Major Merchant Bank which continues to expand in the Far East seeks a money market/FX manager who will develop and implement policies for funding and liquidity management, for FX dealing activities and short-term paper issues. Salary negotiable around £15,000 plus free accommodation and other significant financial benefits.

Candidates will probably be in their early 30's. They must combine sound operational skills gained in an international institution handling a broad range of FX and money market transactions with the ability to identify and take advantage of market trends. (SW.264)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

Stockbrokers

require

Retired Stock Exchange Clerk

to assist in the
Gilt Dealing Department
on a part time basis.
Hours 1.30 until close of business.
Generous remuneration.
Telephone 01 606 8988

Advertisement Representative

International Magazine devoted to art and antiques requires an assistant in the advertisement sales department. Enthusiasm more important than experience. Age 22-30. Driving licence. Knowledge of languages could be advantageous. Salary negotiable.

Write or telephone:
Anthony Law
Ad. Director
Apollo
22 Davies Street
London, W1
Tel: 01-629 3061

GENERAL APPOINTMENTS

Overseas Funds Manager

London £9,500-£10,000

Cable & Wireless is a highly successful Group and one of the world's largest international telecommunication organisations operating in over 70 countries. Our activities encompass cable and radio systems, communications via satellite, computers and data handling, and national and international telephone and telex systems.

This senior appointment, open to men and women, carries responsibility for funds at overseas locations, including the investment of such funds surplus to requirement and the arrangement of overseas borrowings.

You will control all Group purchases, sales and transfers of foreign currencies and contribute to the development of the company's FX exposure management system. Therefore, a number of years experience at senior level in banking or with a multi-national company is essential and membership of the Institute of Bankers would be a distinct advantage.

We offer a full range of benefits which include incremental salary scale, pension fund and relocation assistance.

For further details and an application form please telephone or write to:

The Recruitment Manager, Dept. A.749,
Cable & Wireless Limited,
Mercury House, Theobalds Road, London W1X 8RX.

Telephone: 01-242 4433 Ext. 4008.

Cable & Wireless
Helps the world communicate

PORTFOLIO MANAGEMENT

EAL

Hong Kong c £15,000

Established and expanding Investment Management subsidiary of major Far East Merchant Bank has funds under management in excess of £300m and a broad range of private, institutional and government clients. It seeks an Investment Manager to take control initially of a number of major private client portfolios and to monitor and advise on specific geographic markets.

Candidates will be in their late 20's or early 30's and will have a successful track record in portfolio management which must include investment outside the UK. They should be cheerful, flexible and enjoy team work. Salary negotiable around £15,000 plus free accommodation and other significant financial benefits. (SW.993)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

QUALIFIED ACCOUNTANT

Required by Clark & Fenn (Holdings) Ltd.

Clark & Fenn (Holdings) Ltd. is a member of the Trafalgar House Group of Companies. Our main activities are the manufacture, marketing and installation of a range of building materials.

The Chief Accountant of Clark & Fenn Ltd. reaches retirement age in 1981. A qualified accountant, preferably chartered, is required who will be able to administer a small accounts department, responsible for the total accounts function of four companies, after a suitable period.

Applicants should be prepared to work hard on systems review and assisting the financial director of Clark & Fenn (Holdings) Ltd. on ad hoc assignments.

Salary will not be an obstacle for the successful applicant.

Applicants should write or telephone for an application form.

P. R. Jones
Clark & Fenn (Holdings) Ltd.
681 Mitcham Road
Croydon CR9 3AP
Tel: 01-689 2266 Ext. 2346

SENIOR BUSINESS JOURNALISTS

Prominent international business information service seeks experienced staff writers to join its London editorial bureau for coverage of Western Europe and the Middle East. Successful candidates will have a close knowledge of current business and corporate affairs, the ability to write lucidly, and the confidence to counsel senior executives of multinational corporations.

Applications indicating experience, qualifications (including languages) and special areas of interest should be directed to:

G. Holmes, Editorial Director
BUSINESS INTERNATIONAL
Banda House, Cambridge Grove, London W6 0LN

CONTRACTS AND TENDERS

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

The Secretariat of Agricultural Reclamation and Land Development.

URGENTLY REQUIRE COMPUTER

The Water and Soil Department, Secretariat of Agricultural Reclamation and Land Development, Socialist People's Libyan Arab Jamahiriya, needs to purchase or lease a computer.

Installation to include range of equipment including a minimum of 32 users, fast and slow line printers, 3 high speed high density tape drivers and a tele type consol.

Full specifications:— obtained from the Information Department, The Libyan People's Bureau of the Socialist Libyan Arab Jamahiriya, 5 St. James Square, London, SW1.

Further enquiries from the Water and Soil Department, Secretariat of Agriculture and Land Development, P.O. Box No. 5332, Tripoli Telephone: Tripoli 41492. Telex 20398 MIYN LY.

Closing date:— Interested specialist companies should submit their offers before 20 January, 1980.

ISLAMIC REPUBLIC OF PAKISTAN

HYDERABAD WATER SUPPLY AND SEWAGE PROJECT

TENDER FOR WATER PUMPING PLANT

The Government of Pakistan has received a Special Funds Loan from the Asian Development Bank in the amount of US$ 22 million to finance the improvement and expansion of the Water Supply and Sewerage system of Greater Hyderabad.

The Hyderabad Development Authority invites tenders for the provision and installation of pumping plant, including pipework, valves, motors, starters, switchgear, cabling and associated mechanical equipment. The nationality of the tenderer as well as the plant offered must be any of the member countries of Asian Development Bank.

The Contract will comprise the following pumping plant:

A. 7 No. mixed flow, vertically arranged dry well type raw water pumps, nominal capacity 46000 m³/day each at 4m head, driven by fixed speed electric motors.

B. 6 No. mixed flow, vertically arranged dry well type settled water pumps nominal capacity 46000 m³/day at 4m head and 2 No. 23000 m³/day at 4m head, driven by fixed speed electric motors.

C. 10 No. vertical spindle, split casing radial flow, treated water pumps, 25000 m³/day each at 45m head, driven by fixed speed electric motors.

D. 4 No. vertical spindle close coupled split casing pumps, nominal capacity 1800 m³/day each at 20m head driven by fixed speed electric motors.

E. 4 No. ditto but 18500 m³/day each at 25m head.

Tenders must be submitted on the prescribed forms which can be obtained from the office of Authority's Consulting Engineers, G Balfour & Sons, P.O. Box 1033, Latifabad, Hyderabad, Pakistan. Applications for issue of these tender documents should be made by post or through a local representative and must be accompanied by a non-refundable Bank Draft from any scheduled bank of Pakistan for Rs.10000/- (Pakistan rupees one thousand only) payable to the Project Director, Hyderabad Development Authority.

The competent Authority reserves the right to reject any or all the tenders without assigning any reason.

The Tender documents shall be available for issue from 20th January 1980 up to 10th February 1980 during working hours. No tender documents shall be issued after the last date of issue, i.e. 10th February 1980, the end of normal working hours. The intending Tenderers must submit their tender not later than 11.00 hours (Pakistan time) on 24th March 1980.

DIRECTOR GENERAL
HYDERABAD DEVELOPMENT AUTHORITY
HYDERABAD

PERSONAL

COMMUNICATION: Talk to your shop-floor direct and realistically. Ex-Fleet St. journalist and C.B.I. key speech-writer offers services. Write Box G.5143, Financial Times, 10 Cannon Street, EC4P 4BY.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest range of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

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EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St., 734 0557.

GARGOYLE, 69 Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-2.30 am Shows at Midnight and 1 am. Mon-Fri. Closed Saturdays. 01-437 6455.

COMPANY NOTICES

All holders of Deposit Certificates in respect of Bonds of THE GERMAN REICH 4% (FORMERLY 6%) EXTERNAL LOAN OF 1930 (THE "MATCH LOAN")

should surrender, through an Authorised Depositary in London, the talon of the old coupon sheet, to Lazard Brothers & Co. Limited, 21, Moorfields, London EC2P 2HT, who will in due course issue a new coupon sheet containing coupons maturing July 15, 1980-January 15, 1983.

PUBLIC NOTICES

METROPOLITAN BOROUGH OF TAMESIDE

Variable Rate Redeemable Stock, 1983

The Council of the Metropolitan Borough of Tameside announces that the half-yearly payment of interest due on 12th July, 1980 on the above Stock will be at the rate of £8.3594 (less income tax) per £100 of stock.

WORLDINVEST INCOME FUND

DIVIDEND ANNOUNCEMENT
DECLARATION OF DIVIDEND No. 8

The Trustees of Worldinvest Income Fund are pleased to announce a U.S. dollar 8.00 per share distribution to Shareholders in respect of the half-year period from 28th June 1979 to 27th December 1979. Coupon No. 8 and also any previously unpresented Coupons may be presented for payment on or after 1st February 1980 to any of the following Paying Agents:

Bank of America NT and SA,
Hong Kong Branch,
St. George's Building,
No. 1 Ice House Street,
Hong Kong
B.C.C.

Bank America Trust and Banking Corporation (Bahamas) Limited,
50 Shirley Street,
Nassau,
Bahamas.

Bank of America International S.A.
35, Boulevard Royal,
Luxembourg.

Bank America Trust Company (Jersey) Limited,
Union House,
Union Street,
St. Helier,
Jersey, Channel Islands.

Payment will be made subject to any applicable fiscal or other regulations within fourteen days of such presentation.

BANKAMERICA TRUST COMPANY (JERSEY) LIMITED

LEGAL NOTICES

IN THE MATTER OF BRIARSTONE HOLDINGS (MANAGEMENT) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the First day of February, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

DAVID MURRAY NIXON,
of 11/13 Holborn Viaduct,
London, EC1P 1EL

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 7th day of January, 1980.

D. M. NIXON, A.C.I.S., Liquidator.

* N.B.—This Notice is purely formal. All known creditors have been, or will be, paid in full.

No. 25 (Rule 58 (6))
IN THE MATTER OF TWEEDTOWN LIMITED

By Order of the HIGH COURT OF JUSTICE dated the 15th day of October 1979, Mr T. J. Newman F.C.A. of 2 Derby Lodge, East End Road, Finchley, London N3 has been appointed Liquidator of the above-named Company without a Committee of Inspection.

Dated this 2nd day of January, 1980.

COMPANY NOTICES

GREATERMANS STORES LIMITED
NOTICE TO SHAREHOLDERS
DIVIDENDS ON PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that the Board of Directors has declared the following dividends payable on the 29th February, 1980, to 6%, 5%, Second 5% and Third 5% Preference Shareholders respectively, registered in the books of the Company at the close of business on Friday, 25th January, 1980.

A. 6% CUMULATIVE PREFERENCE SHARES—DIVIDEND NO. 88.
A dividend at the rate of 6% per annum for the six months ending 29th February, 1980—equivalent to 6 cents per share.

B. 5% CUMULATIVE PREFERENCE SHARES—DIVIDEND NO. 74.
A dividend at the rate of 5% per annum for the six months ending 29th February, 1980—equivalent to 5 cents per share.

C. SECOND 5% CUMULATIVE PREFERENCE SHARES — DIVIDEND NO. 68.
A dividend at the rate of 5% per annum for the six months ending 29th February, 1980—equivalent to 5 cents per share.

D. THIRD 5% CUMULATIVE PREFERENCE SHARES — DIVIDEND NO. 66.
A dividend at the rate of 5% per annum for the six months ending 29th February, 1980—equivalent to 5 cents per share.

The dividends are declared in South African currency and Dividends payable from the London Office will be paid in United Kingdom currency calculated at the rate of exchange ruling between Rand and Sterling on the 15th February, 1980.

Dividend cheques despatched from the London Office to persons resident in Great Britain or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief (if any) in respect of South African taxes.

The Company will, where applicable, deduct the Non-Resident Shareholders' Tax of 15% from dividends payable.

For the purpose of paying the above dividends the Share Registers, in respect of the above Preference Shares, will be closed from the 20th January to the 8th February, 1980, both days inclusive.

Dividend cheques in payment will be posted on or after the 29th February, 1980.

By Order of the Board.

Registered Office:
220 Commissioner Street,
JOHANNESBURG.
London Transfer Secretaries:
Granby Registration Services
Bourne House,
34, Beckenham Road,
Beckenham,
KENT BR3 4TU.
South African Transfer Secretaries:
Central Registrars Limited,
28, Harrison Street,
JOHANNESBURG.
(P.O. Box 61042,
Marshalltown, 2107.)

THE WELLCOME FOUNDATION LIMITED

U.S.$20,000,000 8¼% BONDS 1987

The annual report and accounts of The Wellcome Foundation Limited for the financial year ended 25th August, 1979, will be available for inspection at the offices of Messrs. Slaughter and May, 35, Basinghall Street, London EC2V 5DB, during the usual business hours on any weekday (Saturday excepted) until February 15th, 1980.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

ASHORNE HILL MANAGEMENT COLLEGE

Ashorne Hill, the management college for the British Steel Industry since 1957, is now able to extend this staff college relationship to one or two other industries or companies.

Organisations which believe that a long-term association with an established management college would benefit them are invited to contact, for information and brochure:

Mr. A. J. Odber, Principal
Ashorne Hill College
Near Leamington Spa, Warwickshire CV33 9QW
Telephone: Moreton Morrell 321 (STD: 0926-85-321)

Ashorne Hill College is in an attractive setting, with easy access to most parts of the country. It has residential accommodation for sixty course members at a time, on up to three different courses.

Current courses for senior and middle management, range from three days to ten weeks in length. They include general courses and specialised courses, e.g. in industrial relations, finance, project management and marketing. The sixteen teaching staff, with experience in industry and the universities, provide the core of expertise necessary for the design and teaching of courses to meet an organisation's specific needs.

A RARE OPPORTUNITY

to sell choice Florida, USA, Real Estate

Punta Gorda Isles, Inc., a major American real estate corporation with assets of $160,000,000, has a 21-year history of growth and stability and is listed on the American Stock Exchange. Now for the first time we seek sales people or organisation to represent us in the sale of prime investment property with favourable terms in England (Sweden).

Interviews will be scheduled in London (Stockholm) in late February. *Write:*

Richard J. Page, Marketing Director
PUNTA GORDA ISLES, INC.
1625 W. Marion Avenue, Punta Gorda, FL 33950

SHORTFALL SOLUTION

For private companies with high liquidity and risk of forced distributions at high tax rates. Fully approved and totally secure method. No risk.

Just write your name on company letterheading and post to us today for details. The facility is limited.

(We regret no telephone enquiries can be accepted)

Managing Director, Dept. FBF
Ackrill, Carr & Partners Limited
Tricorn House, Hagley Road, Birmingham B16 8TP

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34 Bedrooms with Private Bath
Restaurants and other amenities
Ideal location. Only 7 years old

Only genuine enquiries from principals will be considered

Price £2,500,000

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10 Cannon Street, EC4P 4BY

MANUFACTURING LICENCE — INSULATION OPPORTUNITY

ENERGY CRISIS—INDUSTRY ENCOURAGED BY GOVERNMENT

International corporation offers opportunity to participate in rapidly expanding business with regional manufacturing licence for its unique cellulose fibre loft insulation.

Produced from ordinary waste paper—quickly, easily blown or poured into place.

Agrément board tested and approved for government grants.

Investment of approximately £100,000 required.

Qualified principals only write to Box G.5139, Financial Times, 10 Cannon Street, EC4P 4BY

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or Telephone:
London 01-638 1301. Leeds 0532 444578.
Manchester 061-236 9777. Birmingham 021-454 7962.

SENIOR COMPUTER AND MANAGEMENT CONSULTANT

The founder of a computer consultancy company has time available for executive/non-executive directorship(s) or long-term consultancy. Recent assignments have included advising companies on hardware/software strategies and selection together with organisation and systems development and review. Responsibilities have extended to include implementation of recommendations and significant change. In addition, state of the art experience has been gained by regularly visiting research centres in America.

An injection of entrepreneurial flair and new enthusiasm may make the difference between success and failure for your proposed activities during 1980.

Please write Box G.5108, Financial Times, 10, Cannon Street, EC4P 4BY.

PRODUCT LICENSING

THE LEIPZIG SPRING FAIR

March 8th-15th

is a wonderful opportunity for companies to find new lines to manufacture under licence. A wide range of Engineering and Consumer products from East and West Europe will be displayed. Gordon Felber, a Fellow of the Institute of International Licensing Practitioners, will be present to assist prospective licensees without obligation. A travel package for visitors is available with first-class hotel accommodation and scheduled British Airways flights.

For full particulars write or phone:
Gordon Felber, 1 Sherwood Street, London, W.1.
Telephone: 01-437 9405

MOTOR TRADE—FRANCHISE

Private Group wishes to divest itself of subsidiary supplying the motor trade. The Company trades outside the general sphere of Group activities and has been developed over two years with a view to franchising 70 territories in the U.K. The stage of development now requires additional finance and management resources but the main board wish to curtail non-allied projects.

Sum required: £48,000 for all assets at cost.

Existing management will give total co-operation during change-over.

Write Box G.5126, Financial Times, 10 Cannon Street, EC4P 4BY

GOLD SOVEREIGNS AND KRUGERRANDS

bought and sold in strictest confidence. Also Half and Full Sovereigns wanted, minimum £60 each paid. If unmarked (pre-war) £75 paid.

SHAW CAVENDISH & CO.
(Bullion Dealers) Cavendish House Chester 24315/47541

DIRECT SELLING AGENCIES

Established company marketing successful product (average value per sale £500) invites applications for area agencies from companies with proven direct selling capability in home improvements and related sectors. Companies applying must be well managed with effective sales, administration and financial controls.

Areas available — Midlands, Avon/South Wales, N.E. Coast, North London/South Midlands.

Write Box G.5141, Financial Times, 10 Cannon Street, EC4P 4BY

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LOMBARD

ITV—the case for competition

BY IAN DAVIDSON

SO IT appears that the Government is baving second thoughts about the plans for the fourth television channel, and oo wooder. If the Indepeodeot Broadcasting Authority is to he believed, the addition of an extra channel would only produce a 10 per cent increase in the combined reveoues of the two commercial channels, which would imply an advertising revenue of some £40m for ITV-2. Bnt the IBA is thinking of a budget for ITV-2 of £60-80m, which implies a deficit of £20-40m to be made good by the ITV companies, which in turn implies a pro rata reduction in the Government levy oo ITV profits. Aod that, in the thick of Mrs. Thatcher's spending cuts, looks pretty controversial.

Consensus

It looks even more controversial if you take a sceptical view of tha IBA's budget projections. If the oew channel is to produce 50 bours of programmes each week, and if one allocates the notional hudget eotirely to direct programme costs, £60m works out et ebout £23,000 per programme hour, and £80m works out at about £30,000. Now the public consensus of the great and the good is that the fourth channel should not be a poor relation of the current ITV cbannel. But major drama programmes cost £120,000 per hour. The conclusion is elther that the fourth chaooel will be a poor relatioo, or thet the budget must be considerably larger, with a corresponding reduction in the ITV levy reveoue.

Mr. William Whitelaw, the Home Secretary, wants a channel whicb is not a duplicate of the present ITV channel, but one which gives plenty of room for minority programmes and plenty of access to independent programme makers. Now, I am not sure if the talk of minority programmes and independent programme makers is not just so mucb woolly nonsense; it seems to me that the fourth channel will only justify its existence if (a) it gets a substantial audience, and (b) produces high-grade programmes, or at least as high a proportion of high-grade programmes as we now get on BBC and ITV.

Bnt even if yon accept the desirability of minority programmes and independent programme makers as a secoodary, if important, coosideration, it seems to me clear that the plans of the IBA will make the fourth channel merely the tool of the ITV companies, especially of the big five. The board of the new Channel Four company, according to the IBA, would bave four members from the ITV companies; the ITV companies and ITN would provide up to 75 per cent of the programmes; the selling of advertising would be in the bands of the companies; and the companies are already commissioning material explicitly for use either oo the current or the new commercial channel. If that isn't a recipe to ensure that the new cbannel is effectively controlled by the companies, my name isn't Ian Davidson.

Mr. Whitelaw says he does not want competitive advertising between the two independent channels, because this would merely lead to a ratings war. This is baffling. At present we have perpetual audience battles between the BBC and the ITV companies, yet we still have reasonably good television. If the IBA were to carry out its functions appropriately, I cannot see that a genuinely competitive fourtb channel must necessarily tip the halance.

Franchises

One possible solution would be to deal with the fourth cbannel in the context of the new ITV franchises, which are due to be decided in about eight months' time. We could heve two national ITV networks, with London Weekend, Granada, ATV, Scottish, Harlech, Border and Westward in one, and with Thames, Yorkshire, Tyne-Tees, Anglia, Southern and Grampian in the other. Independent programme makers would *have* to be given air-time, because the companies could not fill it by themselves. The IBA could *insist* on a proportion of local opt-outs from the network *in prime time*. And for the first time, we would have competition between the companies.

The companies would hate such a scheme, of course, and the IBA would have to learn to stand up to them. But all it needs is an Act of Parliament.

Vintage years at a tolerable price

WINE

BY EDMUND PENNING-ROWSELL

MOST OF those who recently have been looking back on the 1970s in elmost every field of ectivity appear to have summed them up with distaste and left them without regret. Their viewpoint can be appreciated, but it must be said that for wine drinkers it was a good decade.

At the everyday, quaffing level, prices bave risen less than for other consumable commodities, and they would bave dooe so a good deal less if, as expected, duties had been "harmonised" upon our entry into the EEC. The bnying power today of the pound sterling is lower by more than one-third compared with 10 years ago, yet looking at the autumn 1969 list of one traditional wine merchant, I see that its standard fino sberry was 19s 9d a hottle, and now it is only £2.16, though the bottle will be slightly smaller.

Cheaper

A litre of French *ordinaire* that was 14s 3d is now £2.27, and a litre of Vermouth is only £2.22, compared with £1 for a 90 cl. size. At a rather higher level, a 1964 Médoc could be bought for 15s 3d, while now a rather better 1973 costs £2.82—the introduction of VAT in 1973 and its near-doubling last year additionally upping the hasic price. If burgundy is noticeably dearer than it was, most then imported was non-*appellation contrôlée*, and a good deal was less than authentic.

Spirit drinkers bave henefitted even more. In the same merchant's list a superior house whisky priced at 53s 3d in 1969 now retails at £5.32, while a 10-year-old cognac has risen from 64s 3d only to £8.73.

It is not always remembered, either, that many fine wines are relatively cheaper than they were early in the 1970s, includ-ing German estate wines and classed-growth clarets. On the other hand, Rhône wines, responding to the rise in burgundy prices, are dearer for the finer examples, and Loire too. But Italian wines generally remain remarkably cheap, when of good, consistent quality.

Looking at leading clarets, it is worth noting that as far as opening prices go, they are cheaper now in mooey terms than in the boom period that began with the 1970 vintage. If the first offers for that vintage were not out of the way, they soon rose sharply, and went sky-high for the 1971s, with, for example, Léoville-Las-Cases reaching FFr 45,000 the *tonneau* and Lynch-Bages FFr 40,000. Pétrus and Mouton-Rothschild went to FFr 120,000. The comparable prices last year for the 1978s were less than FFr 30,000 for the first two wines, and FFr 82,000 for the two *premiers-crus*.

Moreover we bad our share of good vintages during the 1970s, especially wben compared with the two previous decades. The 1950s geve us two outstanding claret vintages: '53 (but not in St-Emilion and Pomerol, which did much better in '52) and '59 (but only in the Médoc and Graves, for the "right-bank" districts were still recovering from the effects of the 1956 frosts). The '55s were sound and much praised originally, hut have generally proved unexciting. The '50s were drinkable.

In the 1960s we had the outstanding '61s, but the only other vintage to be considered for the top rank was '66, and its final rating is not yet clear. Good were '62, which turned out hetter than expected, and '64, which has frequently disappointed, outside St-Emilion and Pomerol. The '67s bave seldom developed to be more than pleasantly acceptable, while '63, '65 and '68 form a trio of execrable vintages, which, to find their like, one has to go back to the beginning of the 1930s.

Yet the 1970s have given us two years that may develop into tha top rank — '70 and '75. Following them may be expected '76 and '78. If '71 has not lived up to its promise, with some exceptions, notably in St. Emilion and Pomerol, it has provided some very agreeable wines, while the record '73 vintage has produced clarets that some old-hands in the business would describe as "pretty."

Maybe the profuse '79s will turn out similarly, though they might be better than that, owing to fine weather throughout tha vintage. If the '74s seem ungrateful at present, they are better than the '77s, while the '72 was the only really poor year in the decade.

Neither the 1950s nor the 1960s were very favourahle for sweet white bordeaux, though '50 and '59 among the former, and '62 and '67 among the latter were successes. Yet the 1970s have produced '70, '71, '75 and '76, of which the middle two may turn out best; and there is promise of a good '79.

Red hurgundy drinkers beve not fared so well in the vintages of the last ten years, compared with the previous two decades. For the 1950s produced excellent vintages in '52, '53, '55 and '59; and even in '57. The next decade was rather less generous, with '61 (but not as outstanding as in Bordeaux), '64, '66 and '69. The '62s and '67s were fair. In the last ten years only '71, '76 and, possibly, '78 can be considered for the first rank, though '72 remains e candidate, and might surpass '71, a well-balanced but fairly light year. The '70s were short-lived. The '73s and '74s remain no more than moderate, with the latter having more body.

The '79s will at least be acceptable, but, owing to the unexpectedly large quentity, variations in quality will be marked. Not much can be expected of '75 and '77. The lack of good, plentiful vintages in the Côte d'Or has been reflected in their rising prices.

White wines often do better than red, and this is quite true of white burgundies in the past decade. The top years were certainly '71 and '73, and '78 may join them. The '72s and '76s are in the next rank, and even the '75s had their day, though they bave not lasted. The big crop in 1970 produced better-than-expected Côte de Beaune whites. The '74s were dull, and the '77s unripe. It is too early to judge the '79s, but, as with the reds, there will be wide variations in quality, and price will not be the only guide.

The Rhône has hardly produced a bad year in the last 10, and the best have been '71, '72, '76 and '78.

Germany has had to contend with its normal battle with northerly climatic conditions, but it has had its fair share of good lnck recently, with very fine vintages in '71, '75 and '76, but disappointing ones since, though '79 apparently shows promise, with at least a fair production of the superior *spätlese* and *auslese* qualities being made.

There was no lack of vintage years in champagne in the first half of tha decade, with '70 declared a vintage by some houses, '71, '73 and '75 by all. The '76 may follow, but it seems unlikely that the poor '77 or the pitiably deficient '78 will produce vintage wine. So it depends on the as yet unmade '79.

The other important vintage wine area is the Douro, and with three vintages declared—'70, '75 and '77—they have matched the trio of the 1960s—'60, '63 and '66 (with Cockburn and Martinez choosing '67 instead). One or two shippers also declared '72.

Mature

If therefore, in terms of vintages, we do as well in the next ten years, as we have in the ten just past, we shall have no reason to complain. Currently there is a good deal of talk of conditions likely to resemble the 1930s. Not, I think, in wine, for although nature has the last word in all the fine wine areas, viticultural and wine-making techniques have greatly improved since then, and control of quality is much stricter. Then following the great surge of planting in the 1960s and early 'seventies, many areas, inclnding the Italian, will have a much more mature age-balance in the vineyards.

The unpredictable factor is, of course, price. That will depend here in Britain not only on the cost of the wine, unlikely to rise drastically in the next year or two, but on how heavily it is taxed. Are some of our best friends in the Treasury teetotallers?

Opinions differ on Silver Buck

RACING

BY DOMINIC WIGAN

TWO LEADING trainers have widely conflicting views on the Cheltenham Gold Cup chances of Silver Bnck.

The borse'a trainer, Tony Dickinson, said a few weeks ago: "Silver Buck won't win the Gold Cup if it comes up heavy." Peter Easterby said: "Silver Bnck will win tbe Gold Cup."

Easterby's hlunt statement came only a few minutes after he saw his own fine chaser, King Weasel, extend to ten his winning sequence over fences with that Pintail Chase victory.

An interesting aspect of the Cheltenham Gold Cup hetting is that Ireland's Jack Of Trumps has taken over from Silver Buck. It was less than three weeks ago that Silver Buck not only defeated Jack Of Trumps in Kempton's King George VI Chase but also gave the Irish chaser 3 lbs.

A steady flow of money from Ireland with the Tote which, incidentally, sponsors the Festival showpiece for the first time, sees Jack Of Trumps a 4-1 favourite with that company—a point shorter than the odds offered on Silver Bock.

Although many inveterate Irish gamblers have been convinced for some time that their Edward O'Grady-trained prospect from County Tipperary would land the Cold Cup, the reasoning behind their early plunge is almost certainly the prospect of mud. The ground almost invariahly rides beavy at the Festival meeting, and whereas this will undoubtedly be to the disadvantage of Silver Buck, the reverse is true in the case of Jack Of Trumps.

Wolverhampton has today become the 30th meeting to be lost to the weather this season, but prospects seem brighter for Wetherby.

The programme there—abandoned through frost on the corresponding day a year ago—looks to afford Ridley Lamb several useful chances of closing tha gap on Jonjo O'Neill. However, the safest bet on the programme is the course specialist, Little Owl.

WETHERBY
1.00—Jean Marjorie
1.30—Little Owl***
2.00—Smiling Cavalier
2.30—Cumbria
3.00—Royal Cacador**
3.30—Bamp*

TV Radio

BBC 1

† Indicates programme in black and white

9.35 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at Ooe. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechran Siarad. 3.53 Regional News for England (except Loodoo). 3.55 Play School (as BBC2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's Newsround. 5.10 Grange Hill. 5.35 The Perisbers..

5.40 News.
5.55 Nationwide (Loodon and South East only).
6.20 Nationwide.
6.50 Rohbie (London and Sonth East only).
7.20 The Rockford Files.
8.10 Decision.
9.00 News.
9.25 Flesh and Blood.
10.20 Ray Bradbury — The Illustrated Man.
11.10 News Headlines.
11.12 Question Time with Tony Benn, MP, Germaine Greer, General Sir John Hackett, Norman St. John-Stevas, MP.
12.12 am Weather / Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am I Ysgolion. 4.45-5.05 Bebol Bach. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15 Pobol y cwm. 7.40-8.10 A Question of Sport. 12.12 am News and Weather for Wales.

Scotland—10.38-10.58 am For Schools (around Scotland). 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 Siog Along with Sunshine. 10.20 Current Account. 10.50-11.25 Can Seo. 11.25 Write Away. 11.40 News and Weether for Scotland.

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 As I Roved Out. 10.20 Spotlight on Northern Ireland Affairs. 10.50 A Far Cry From Rome (Pope Joho Peul's visit to Galway). 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich) Daly on a Tuesday; Midlands (Birmingbam) Look! Hear!; North (Leeds) Lifelioes; North East (Newcastle) Heroes; North West (Manchester) A Grand Sing; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Brainwave; West (Bristol) Breakthrcugh.

BBC 2

10.05 am Get Organised—For Safety's Sake.
†3.00 Illusions of Reality.
11.25 Write Away.
11.40 It's A Great Life.
2.30 pm Dilemmas.
†3.00 Illusions of Reality.
3.30 The Living City.
†5.40 Flash Gordon Conquers the Uoiverse.
6.00 Cartoon World.
6.10 The Waltons.
6.55 The World About Us.
7.45 Mid-Evening News.
7.55 Tex Avery Cartoons.
8.10 Comoany and Co.
9.00 Movie Showcase: "Newsfront."
10.50 Tha Old Grey Whistle Test.
11.30 Late News.
11.45 Hollywood and Vine.

LONDON

9.30 am Schools Programmes. 12.00 Simoo in the Land of Chalk Drawings. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Airport Chaplain. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Robin's Nest.
9.00 Hollywood.
10.00 News.
10.30 "Play Misty for Me," starring Clint Eastwood.
12.20 am Close: Personal choice with Rosalie Crutchley.

All IBA Regions as Loodon except at the following times:

ANGLIA

1.25 pm Anglia News. 5.00 About Anglia. 7.00 Bygones. 7.30 Selwyn. 10.30 Feature Film: "Convicts Four." 12.30 am Your Music At Night.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 10.30 ATV Newsdesk. 10.35 The Tuesday Movie: "England Made Me."

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Luke's Kingdom. 11.30 Stars On Ice. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.17 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. 10.32 TV Movie: "Marriage—Year One." 12.10 am Commentaires et Prévisions Météorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 5.15 Emmerdale Farm. 6.00 North Tonight and Area Weather Forecast. 7.00 The Love Boat. 10.30 Cover To Cover. 11.00 Reflections. †11.05 The Tuesday Thriller: "Nightmare in Chicago." 12.25 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 10.30 Film of the Week: "Dr. Scorpion."

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers (Annie Ross). 5.15 Mogilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best In the West. 7.00 The Incredible Hulk. 10.35 The Big Picture: "The Hireling" starring Robert Shaw.

HTV Cymru/Wales—As HTV General Service except: 10.16-10.31 am Mwy Neu Lai. 1.20 pm Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Quest of Eagles. 10.35 Sywyd. 11.20 World In Action. 11.50-12.20 am Mind Your Language.

SCOTTISH

1.20 pm News and road and weather. 1.30 How's Your Father. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 10.30 Late Call. †10.35 Midweek Movie: "Young Dillinger."

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Father, Dear Father. 10.30 Southern News Extra. 10.35 "The Beast in the Cellar" starring Beryl Reid.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Selwyn. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 10.30 Come In, If You Can Get In. 11.00 North East News Headlines. 11.02 Tuesday Movie: "Ooojh Stalk" starring Vince Edwards. 12.50 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop in Your Hand. 10.29 Ulster weather. 10.30 The Big Picture: "The Seven Ups." 12.20 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.15 Gus Honeybun's Birthdays. 5.17 Bailey's Bird. 6.00 Westward Diary. 10.32 Westward Late News. 10.35 TV Movie: "Marriage—Year One." 12.10 am Faith for Life. 12.15 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Selwyn. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 10.30 The Big Picture: "The Seven-Ups." 12.20 am George Hamilton IV.

Radio Wavelengths

1 1053kHz/285m, 1089kHz/275m
2 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 8.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 Ray Moore (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Folk 80 (S). 8.02 Tuesday Night is Gala Night (S). 9.02 Max Jaffa with Music for Your Pleasure (S). 9.55 Sports Desk. 10.02 Variety Club. 11.02 Brian Matthew with Round Midnight, including 12.00 News. and 1.02. 2.02 am Cricket: England v West Indies (reports). 2.02-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Gluck (S). 10.00 The Trio-Sonata (S). 11.00 Diana Kacso piano recital (S). 11.40 Northern Sinfonia Orchestra (S). 1.00 pm News. 1.05 Six Continents. 1.20 Two For One (S). 1.55 Music From Poland (S). 3.00 In The Shadows of the Great: Talk by N. C. Robbins. London (S). 3.25 Symphonies From Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Garnet Wolsey, clarinet and piano recital (S). 7.30 Award Winners: The Kreutzer Sonata by Leo Tolstoy (S). 8.30 Mozart and Mahler concert, part 1 (S). 9.15 Black Christianity in South Africa talk by The Rev. Dr. Edward Norman. 9.35 Concert, part 2 (S). 10.35 Classical Music of Thailand (S). 11.30 Gabrieli String Quartet play Beethoven (S). 11.55-12.00 News.

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 The Bridge at San Luis Rey. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Still Small Voices. 11.50 Sounding Off. 12.00 News. 12.02 pm You and Yours. 12.30 Down Your Way. 12.55 Weather programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather programme news. 6.00 News. 6.30 Just a Minute (S). 7.00 News. 7.05 The Archers. 7.20 Heart and Home (S). 8.05 In Touch. 8.30 Moonshine On . . . (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 "Foley," comedy by Roy Clarke (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 The Early Ordinary Level Show. 8.30 Question Time from the House of Commons. 9.50-5.00 am Join Radio 2.

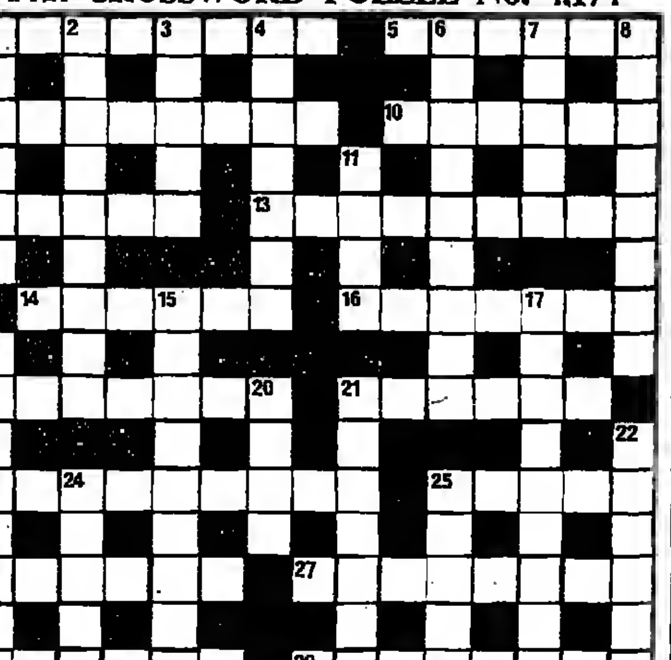
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,174



ACROSS

1 VIP with a bit of substanca (8)
5 Soaked outside right going to church, despised person . . . (6)
9 . . . abandoned hy cast in the air (6, 2)
10 A lot of football results (6)
12 Different Old Testament female (5)
13 Part of organisation determined to seek fresh pastures (6, 3)
14 Partial unit established outside (6)
16 Collects man about town taking offence (5, 2)
19 Revolutionary habit of old soldier (7)
21 Fool takes trooble to attack (6)
23 Game to jump on whisky (9)
25 Tradesman expecting to become Master of the Rolls (5)
26 Some of the divers uses against . . . (6)
27 . . . day ooe got at newsman for being overfull (8)
28 Slow start by senior joining ageocy (6)
29 Tie trade could be repeated (8)

DOWN

1 Take cbair boy represses (4, 2)
2 Month revolutioo receives fierce blow (5, 4)
3 One of tbe Archers making shady retreat (5)
4 Eaten daughter massaged (7)
6 Confectionery that may need some picking (4, 5)
7 Part of body with twisted roots (5)
8 Chap is ona West-end worker that's dithering (8)
11 Left to ventilate den (4)
15 Give reason for exhibition over lew suit (4, 5)
17 Put up with a little bird having to persevere (5, 2, 2)
18 Records a Roman Catholic takes to places of industry (8)
20 Carry child to point (4)
21 Article to frustrate across . . . (7)
22 . . . bar in tha east Teddy bas eaten away (6)
24 Danger according to one student (5)
25 Pipe to which Heath is rooted (5)

SOLUTION TO PUZZLE No. 4,173

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA Tonight & Fri 7.00: The Force of Destiny. [illegible]

COVENT GARDEN. [illegible]

ROYAL FESTIVAL HALL. [illegible] LONDON FESTIVAL BALLET [illegible] THE NUTCRACKER [illegible]

SADLER'S WELLS THEATRE. Rosebery Ave. [illegible] D'OYLY CARTE in GILBERT & SULLIVAN. [illegible]

SADLER'S WELLS THEATRE. Rosebery Ave. [illegible] A STRAUSS EVENING FROM VIENNA [illegible]

THEATRES

ADELPHI. [illegible] MY FAIR LADY. [illegible]

ALBERY. [illegible]

ALDWYCH. [illegible] ROYAL SHAKESPEARE COMPANY [illegible]

AMBASSADORS. [illegible]

APOLLO THEATRE. [illegible]

ARTS THEATRE. [illegible] TOM STOPPARD'S DIRTY LINEN. [illegible]

ASTORIA. [illegible]

BOULEVARD TH. [illegible]

CAMBRIDGE. [illegible]

COMEDY THEATRE. [illegible]

CRITERION. [illegible]

DRURY LANE. [illegible]

DUCHESS. [illegible]

FORTUNE. [illegible]

GARRICK. [illegible]

GLOBE THEATRE. [illegible]

GREENWICH THEATRE. [illegible]

HAYMARKET. [illegible]

HER MAJESTY'S. [illegible]

KINGS HEAD. [illegible]

LYRIC HAMMERSMITH. [illegible]

LYRIC THEATRE. [illegible]

MAYFAIR. [illegible]

MERMAID. [illegible]

NATIONAL THEATRE. [illegible]

OLD VIC. 928 7616. CC bkgs 261 1821 (LAST WEEK). Richard Goolden, Ian Talbot TOAD OF TOAD HALL. [illegible]

OLD VIC. [illegible]

PALACE. [illegible]

PALLADIUM. [illegible]

PHOENIX THEATRE. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. [illegible]

PRINCE OF WALES THEATRE. [illegible]

QUEEN'S THEATRE. [illegible]

RAYMOND REVUEBAR. [illegible]

ROYAL COURT. [illegible]

ST. GEORGE'S THEATRE. [illegible]

ST. MARTIN'S. [illegible] THE MOUSETRAP. [illegible]

SAVOY THEATRE. [illegible]

SHAFTESBURY. CC. 01-8356 6596-7. Mon.-Sat. 2 pm ad 6.45 pm. GAYLE NUNNICUTT, JAMES VILLIERS in J. M. Barrie's PETER PAN. Seat prices £1.00 to £6. 01-379 6200. Hotline 10 am to 10 pm including Sunday. TILL JAN. 12 ONLY. BOOK NOW.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE — WE'RE BRITISH. Credit Cards 01-836 4143. Group Sales 01-379 6061 or Freephone 2381.

STRATFORD-UPON-AVON Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in JULIUS CAESAR tonight, Jan. 18, 22. THE MERRY WIVES OF WINDSOR Jan. 19 (mat). OTHELLO Jan. 23. Recorded booking info (0789) 69191.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8.00. Dining and Dancing. 9.30 SUPER REVUE "BUBBLY." At 11.00: THE BLACK ABBOTS. DANCING TILL 1.00 am.

VAUDEVILLE. 01-836 9988. Evgs. 8.00. Sat. 5.30 and 8.30. Wed. Mat. 2.45. ALAN BATES IN STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE "Will blow away your Post-Christmas blues." E. News. Group Sales Box office 01-379 6061 or Freephone 2381.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. Too't, tomor 7.30 MUCH ADO ABOUT NOTHING (sold out).

WEMBLEY ARENA. 01-902 1234. Entirely new prodn. of the lavish HOLIDAY ON ICE. Tues. to Fri. 7.45. Mat. Weds. 3.00. Sats. 2, 5 and 8. Suns. 3 and 6.30. (No perfs. Mons.) Children and Senior Cits. half price. Pay at doors. Ample parking.

WESTMINSTER. CC. S. 834 0283. Wkdys. 2.30 and 8.00. Sat. 2.30 and 5.30. The Musical Theatre Company in JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT by Tim Rice and Andrew Lloyd-Webber. Starring Paul Jones. LAST WEEK. SEASON ENDS JAN. 19th. Group Sales 01-379 6061.

WHITEHALL. CC. 01-930 6692-7765. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI. FIFTH GREAT YEAR. Reduced rate group bookings. 734 2293.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year.

WYNDHAM'S. 836 3028. CC bkgs 379 6565. Evgs 8.0. Royal Shakespeare Company in PIAF. Pam Gems' play with songs [illegible]

YOUNG VIC. [illegible] THE ANCIENT MARINER.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. [illegible]

CLASSIC 1, 2, 3, 4. Haymarket (Piccadilly Circus Tube). [illegible]

CLASSIC POLY. Oxford Circus. [illegible]

CLASSIC 1, 2, 3, 4, 5. Oxford St. [illegible]

CURZON. Curzon Street, W1. [illegible]

DOMINION. [illegible]

ODEON HAYMARKET. [illegible]

ODEON LEICESTER SQUARE. [illegible]

ODEON MARBLE ARCH. [illegible]

PRINCE CHARLES. Leic. Sq. [illegible]

SCENE 1 and 4. Leic. Sq. [illegible] 12.35, 2.35, 5.15, 7.55. Lte. Show Fri. and Sat. 10.40. 4: ALIEN (X). Progs. 1.05, 3.35, 6.00, 8.30. Lte. Show Fri. and Sat. 10.55.

STUDIO 1, 3 and 4. Oxford Circus. 437 3300. Licd. Bar. 1: TIME AFTER TIME (AA). Progs. 12.35, 2.35, 6.20, 8.05. Lte. Show Sat. 10.55. 3: THE DEER HUNTER (X). 12.45, 4.05, 7.30. Lte. Show Sat. 10.30. 4: APOCALYPSE NOW (X). Sep. Perfs. Dly. 1.45, 4.50, 8.00. Lte. Show Sat. 11.10. Seats Bkble.

ART GALLERIES

CITY AND GUILDS OF LONDON ART SCHOOL. Centenary Exhibition at FIELDBORNE GALLERIES, 63, Queen's Grove, St. John's Wood, NW8. 586 3600.

CRANE KALMAN, 178, Brompton Rd., S.W.3. 01-584 7566. 20th CENTURY BRITISH PAINTINGS. Until 31 January. Mon.-Fri. 10-6. Sat. 10-4.

MALL GALLERIES, The Mall, S.W.1. HESKETH HUBBARD ART SOCIETY Ann. Exhbn. Daily 10-5 until 17th Jan. Adm: 20p.

MALL GALLERIES, The Mall, S.W.1. "THE BEST OF BRITISH ILLUSTRATORS." Association of Illustrators. Mon.-Fri. 10-5. Sats. 10-1. Until 1 pm January 18th. Adm. free.

MARLBOROUGH, 6, Albemarle Street, W1. GRAHAM SUTHERLAND. New aquatints illustrating Guillaume Apollinaire's Bestiary with related watercolours. 21 Nov.-18 Jan. Mon.-Fri. 10-5.30. Sat. 10-12.30.

OMELL GALLERIES, 22 Bury Street, St. James's, London, S.W.1. 19th CENTURY ENGLISH and CONTINENTAL OIL PAINTINGS. We currently hold five hundred selected works with prices from £400-£10,000. For further details please telephone 01-839 6274-5.

OMELL GALLERIES, 40, Albemarle Street, Piccadilly, W.1. Fine 20th CENTURY BRITISH & EUROPEAN PAINTINGS. Many delightful subjects, including always GREAT SELECTION OF MARITIME PAINTINGS by outstanding Artists but at REALISTIC PRICES.

SANDFORD GALLERY, Covent Garden. 1, Mercer Street, Long Acre, W.C.2. Mon.-Sat. 11-6. New Year contemporary fine art sale until 22 Jan.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W.1. Exhibition of old Marine, Military and Sporting and Topographical Prints and Paintings and Ships Models.

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Thomas Cook is a member of the Midland Bank Group and the fastest growing company in business travel.

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International Marketing Services. Competitively.

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Map by George Philip and Son Ltd. © 1978.

Test us.

Midland Bank International
Midland Bank Limited, International Division,
60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Annealing plant for Sweden

CONTINUOUS annealing line equipment for the Swedish company, Svenskt Stal AB ia to be built by a consortium consisting of NKK (Nippon Kokan); Mannesmann Demag of West Germany and Mitsubisbi Corporation; and Chugei Ro Kogyo Kaiaba of Japan. The line ia to bave a cepacity to anneal 464,000 tons of strip per year. It is to be completed in November 1981.

NKK will provide the overall engineering knowhow, Mitsubishi and Cbugai Ro the annealing furnece, and Mannesmann Demag equipment sucb as that for electrolytic cleaning and temper rolling. The mill will be capable of annealing atrip ranging from 600 to 1,550 mm in width and 0.5 to 1.6 mm in thickness. Tbe maximum line speed in the centre section will be 180 metres per minute.

The line is to be installed at the Domnarvet Works of Svenakt Stal AB located at Bolange, Sweden. The works bas an annual capacity of 1.2m metric tons of steel. The major products are cold-rolled coils, bot coils and sheets, galvanised sheets, shapes, steel bars and rods.

NKK bas incorporated in one continuous line the five processes of treatment of steel strip after cold reduction i.e. electrolytic cleaning, annealing, cooling, temper rolling and finisbing, including inspecting.

By the conventional batch annealing system it takes about 10 days to complete all these processes for a steel strip. Under the NKK system the time required for processing ia only 10 minutes per coil. Thus, all tbe processes after coil-rolling, including packaging of finisbed coila, can be completed in one day.

Nippon Kokan, 4tb Floor, West Block, 11 Moorfields High Walk, London EC2Y 9DE.

Pulls big crystals

AUTOX is a new automatic crystal puller which hes already acbieved specification by growing a 3 incb (75mm) diameter, 10kg gadolinium galliuoi garnet crystal of high quality eod dimensional accuracy, from tbe very first "seed-on."

Furthermore, Metals Research state that the system will shortly be designed for process expension to produce 4 inch (100mm) diameter crystals from crucibles of 8 inches nomioal diameter.

Complete systems will be available for delivery from April incorporating a comprehensive crystal growth technology "package" for the production of 3 incb diameter GGG.

This is a significant advance in bigh-volume, autometic production of such large, pure, high temperature oxide crystals the company asserts, attributing it to the development of a unique "Clam-Sbell" chamber design whicb allows excellent accessibility to the growth crucible and chamber furniture. The unit incorporates an exceptionally smooth traverse for the crystel lift mechanism with a 600 mm pull atroke.

The crystal-weighing, sbape cootrol unit is of known merit.

Metals Research, Melbourn, Royston, Herts SG8 6EJ. 0763 80611.

Produces right solution

AUTOMATIC PLANT for preparing polymer solutions in water ia now being produced by William Jones (Chemical Engineers).

These solutions are used in industrial processes and weste treatment facilities. Polymer flocculants, for instance, are used to obtaio aggregation of particles io sedimeotation, filtratioo and other separation processes.

The new plant produces dilute polymer solutions from solid, concentrated liquid or emulsion grade polymers and is supplied with an electrical control panel which monitors plant functioos.

Dry polymer granules or grains are metered into a wetting device and then introduced to a mixing tank where a solutioo of predetermined concentration is produced. Wheo mixing is complete, the solutioo is automatically transferred to a storage tank, aod a new mixing cycle commences.

Full details of the equipment can be obtained from the company at Westmoor Street, Charlton, London SE7 8NT. (01-858 0101).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● COMMUNICATION

Tells the time precisely

UP TO 60 slave clocks installed ln office or factory complexes can be preciaely controlled by a version of the electronic quartz Telebox system by Englisb Clock Systems.

This system, with radio synchronisatioo, is designed to ensure that observatory time is shown on every clock throughout a building at all times.

Developed in Switzerland by Patek Philippe, the Telebox T is thought to be the only control system of its type on the British market. Exact and official time information delivered by the Telebox T is continuously relayed to its network of slave clocks whicb can be both inside and outside public and commercial buildings.

The unit maintains a permanent radio link with the time signal transmitter station in Rugby whicb bas a 1,000 mile range.

A power source control unit isolates the slaves automatically sbould the voltage fall below a level which permits efficient operation. During the cut-out period all time pulses are memorised and the unit will restore all slave clocks under its cootrol to the correct time immediately power levels are restored.

Alternatively, a self-contained battery stand-by model will maintaio the complete system. Electronic circuit breakers, which protect the pulse output, are incorporated.

Telebox T requires no maintenance, says Eoglish Clock Systems, Iodustime House, Chase Road, Park Royal, London NW10.

● TEXTILES

Finishing knitted fabrics

MODERN textile industries are characterised by large plants that are becoming ever mora capital intensive and from whicb pour a flood of products.

In contrast to this, bowever, is the knitting trade where it is still possible to operate profitable small companies.

Knitwear is paricularly labour intensive and this is acceptable, as the prodncts tend to sell at higber pricea than, sey, cut-and-aew garments. Because of this many knitwear manufaeturers tend to become vertically integrated and so control all the manufacturing processes from yarn to finished garment.

In finishing knitwear, the requirements are aomewhet different to those encountered in finishing, say, a woven roll of cloth and because of this there is a growing number of specialist companies that are building equipment intended apecifically for knitwear finishing. One such company is Novakunst-Veredlungsmaschinen of Germany (British agent: Muschamp International Sales, Thorn House, Donhead, Sbaftesbury, Dorset. Tel. 0747 88 230).

The company bas developed the Tentertronic carrier-belt pin stenter which has been desigoed specially for finishing and heat-setting knitted fabrics and which can also be used for finiabing flat knits.

The material being procesaed is taken through the beating chamber of the machine on a Nomex bigh temperature-resistant nylon belt. Distortion of knitted fabrics is a common problem, but with this new machine any such bowing in one of the rows of stitcbes is corrected before the material reacbes the conveyor belt and while it is still banging free.

When a knitted fabric is pulled along its length it tends to stretch and for the edges to roll up. In the new machine the cloth is unrolled along the selvedges by a distortion-free air cushioo which enables the cloth to be positioned on pins and so held open as it passes througb the heated stenter chamber.

The Tentertronic is built with working widths from 600 to 2,400 mm and is able to process fabrics up to a maximum temperature of 220 deg. C (430 deg. F) at working speeds of 1.5 to a maximum of 20 metres/min, with the temperature in the cbamber being held constant and to within ±2 deg. V.

● COMPUTING

Small machines from Japan

FIRST MAJOR launcb of Japanese computers on the UK market took place yesterday wben Metsusbita Electric, Japan's largest manufacturer of consumer electronics prodncts, showed a aeries of four small business computers to be available from February, under the company's principal brand name, Panasonic.

Primary target, says the company, are "tens of thousands of amall-to-medium sized businesses who need a simple ready-to-run computer system."

The four Panasonic machines each comprise a 64K memory, alphanumeric keyboard, VDU and twin floppy disc drive. The compact units can be used as complete stand-alone systems, but it is more likely that they will be offered with the addition of a seperate printer, to provide customers with bard copy capability. Available languages are Assembler, Basic and Micro-Cobol and there is a series of fully-developed business software packages.

This includes tbe ledger systems needed by all bosinesses—sales, purchase and nominal. A payroll package and additional application software specific to particular businesses are in preparation.

Business epplications suggested range from stenderd commercial systems (debtors, creditors, stock control, invoicing, general ledger) to office management (word processing, reservetions control, time recording, payroll). In manufacturlog, job costing, work in progress control and quality reporting would be put on these units.

The small Panasonics can be used as local data capture terminals for the branches of larger organisations, communicating to central systems. Each model bas three input/output ports, allowing connection to communication linka (or to a printer) at speeds from 110 to 9600 baud.

Detailed information from Teletronics at 9 Connaught Street, London W2. Tel: 01-262 3121.

Cartridge stores a lot of data

HIGH CAPACITY data cartridge equipment by the Data Recording Products Group of 3M is the first intelligent data cartridge drive system, according to the developer. An ideal back-up for fixed disc drives it is well suited for program distribution, data interchange journal and archival application.

The HCD-75 system gives a 4 x 6 inch data cartridge more than twice the capacity of a 2,400 foot reel of ½ incb, 1,600 bpi computer tape or dozens of floppy discs, by providing 75 Megabytes of user storage capacity. This capacity is coupled with an information transfer rate of up to 4 Megabytes per second—bigher than any other current system.

Microprocessors are used extensively throughout the HCD-75 system, not only for the tape drive control but also to facilitete diagnostic self-test routines, whicb run continuously while the system is idle, and a series of sopbisticated error-detection functions during data read.

This microprocessor control of tape transport operationa eliminates *all* manual adjustment.

The system's new cartridge—tbe DC600 HC high capacity data cartridge—contains 600 feet of quarter-inch tape designed exclusively for this application.

Information is recorded by the serpentine method using continuous pre-recorded data blocks defined by forward/reverse reading block keys, thereby eliminating the need for inter-record gaps. The use of pre-recorded block keys results in unlimited, precise recordings.

Data Recording Products, 3M United Kingdom, 3M House, PO. Box 1, Bracknell, Berks., RG12 1JU. Bracknell (0344) 58447.

Handles data on the spot

DISTRIBUTED processing of commercial and industrial data at the point where it is created will become easier for users of IBM equipment with the introduction by the latter of the 5280.

This code covers a family of devices that can be instructed to enter, validete, atore, process or print business information. They cen be used by employees with little or no computer training and they can communicate with virtually every computer now being made by the company.

A manufacturer or distributor would use the 5280 units in a remote sales office to process customer orders and prepare the necessary inquiries and despatcb documentation.

Order information can then go via telephone lines to a centralised computer system to update central records and management information. A retailer would use it at the receiving bay to match incoming goods with purchase orders and later transmit details of the shipment to inventory files.

Five units are available in the range: desk top single or dual programmable keyboard/display stations; desk top single or dual entry keyboard/display stations and a floor-standing programmable control unit.

IBM, POB 41, North Harbour (Baltic House), Portsmouth PO6 3AU. 0705 694941.

Will supply printers

DISTRIBUTION of the Microline 80 dot matrix printer from OKI is to be handled by Hawke-Cramer in London and the South East.

The machine is about the size of a small portable typewriter and operates at 80 characters/sec. It is available with either a standard roll or fen-fold paper feed or cen be supplied with tractor feed. Control is by microprocessor aod printing can be in 40, 80 or 132 colums per line with a total of 160 characters (96 ASCII end 64 graphics).

Depending on the line length and character spacing selected, the Microline 80 has a throughput from 21 to 195 lines/min. Character spacing can be chosen et 5, 10 or 16.5 per inch by virtue of the software, and the printer is designed for "maintenance-free" operetion.

Life of the print head is claimed to be 200m impressions at 100 per cent duty cycle and the head can be eesily replaced by the user.

More from Hawke House, Green Street, Sunbury on Thames, Middx. (01-979 7799).

Devised for motor trade

ASSISTING motor dealers to improve their control over vehicle stocks and sales profits is e service by CMG Computer Management Group (Middlesex). The move cootinues thc CMG Group's plan to lead Europe in the provision of computer services to the motor trade.

VSA (Vehicle Stock Accounting) enables comprehensive financial stock and sales analysis—even to tbe degree of bighligbting by individual salesmen excess trade-in or other allowances which may affect sales profitability.

Provided as a complete aervice run for dealers on CMG's own computers, the VSA system is additional to several otber services to the motor trade. Already CMG provides support to almost 2,000 garages io Europe (mostly in the UK and Holland), and the motor trade is expected to contribute some £2m to turnover during 1980.

From vehicle orders, purchase Invoices, and sales involces, VSA maintains an accurate record for each vehicle that is stocked or aold. It produces the account items and account groups sbown on the report are defined by the individual dealer to reflect his perticular requirements. Tbe values of these items are totalled by cost, revenue and payment. Any outstanding payments due are highlighted.

The stock list contains a description of the vehicle including fitted accessoriea, body type, gearbox, doors, colour, etc., together with all costs incurred and the selling price. Length of time in stock is sbown with consignment details and wbere relevant, highlighting vehicles which are nearing the end of the consignment period.

The vehicle sales report provides a summary of transactions completed in a period and may be sequenced by any combination of locatioo, vehicle category and type of sale (e.g. retail, trade, etc.). True profit is shown compared with a atandard profit figure to highlight excess use of discounts, and free servicing and accessories.

Input to the VSA system is provided by information extracted from vehicle orders, purchase invoices, and sales invoices. The information can be entered on standard input forms aent to CMG for keying and processing. Alternatively the dealer can use a diskette, cartridge, or tape prepared locally and despetched; or he cao tranamit directly from a terminal via telephone lines to CMG for processing.

CMG (Middlesex), Westway House, 320 Ruislip Road Eest, Greenford UB6 9BW. 01-578 4563.

● QUALITY CONTROL

Tests many materials

SELF-CONTAINED with its own hydraulic power pack, the Hydropuls PSA load-testing machine from Carl Schenck (UK) needs only three-phase power supply and a water connection to make it operational.

It can he nsed for static and dynamic materials testing (metals and non-metals) and can perform tension, compression and alternating load tests. Working stroke is 100 mm and three basic models provide nominal teat forces of 10, 40 and 100 kilonewtons. Controlled parameter can be force, displacement or strain.

The uoit, which is capable of fully automatic "bumpless" awitching of the control parameter during a test is suitable for examinations of static strength, fracture mechanics, crack propagation, low-cycle fatigue and many other phenomena.

More from the company at Stonefield Way, Ruislip, Middlesex HA4 0JT (01-841 5121).

● NORTH SEA OIL

Aids happy landings

NEW IN descent systems designed to assist in offshore maintenance, repair, construction and emergency evacuation is equipment called "Sky Genie."

A patented frictional control device through which a descent line passes permits positive hands-off control over the rate of descent by the operative over a speed range from stop to 25 feet per second.

Alternatively the system can be used to lower inanimate objects of all types and weights at a pre-determined, controlled rate of descent.

Sky Genie comes in three sizes, largest of which is proof-tested in excess of 10,000 lbs. It is available in a range of complete packages comprising descent lines, chairs, harnesses, snap rings, and sbackles.

Compass Equipment, 14, Great Castle Street, London W1N 8JU. 01-580 4644.

● CONFERENCES

Discussions on dredging

THE THIRD International Symposium on Dredging Technology, organised by BHRA Fluid Engineering is to be held in Bordeaux from March 5 to 7 and will run concurrently with Oceanexpo 80 and Oceantropiques, wbich deal respectively with the exploitation of oceans, and seas, lakes and rivers in developing countries.

Provisionally, the papers are expected to cover contracts, equipment design, pipelines and pumps, operations, dredging heads and wear, siltations and sedimentation, and environmental effects in association with soil disposal.

More from the British Hydrodynamics Research Association (BHRA), Cranfield, Bedford (0234 750422).

● MAINTENANCE

Useful for road repairs

STIHL'S TS350 and TS510 are portable cut off saws suitable for a number of cutting tasks. Already used by many accident and rescue services, the one-men operated mechine can be mounted oo a foldaway trolley and used to make clean and accurate cuts in aspbalt and concrete road surfaces.

Surfaces can also be laid in one strip, the sews cutting the expansion joints later.

TS510 is powered by an air-cooled 89 cc two stroke engine weighs only 30 pounds and cen he fitted to a trolley in minutes. An effective silencer makes it suitable to nse in residential areas and electronic ignition gives easy starting. A water attachment fitted to the adjustable blade guard virtually eliminates dust.

Protected by an adjustable safety guard, the cutting disc, which complies with all safety standards, can be mounted on either side of the arm to allow for flush cutting. The wheels of the trolley can also be moved by 5 incbes so that the operator can always work within his own line of vision and the blade can cut into the most inaccessible places.

Stihl House, Goldsworth Park Industrial Estete, Woking, Surrey. GU21 3BA. 04862 20222.

NOTICE OF REDEMPTION

To the Holders of

Plywood-Champion International Finance Company

5¼% Convertible Guaranteed Debentures due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1968 providing for the above Debentures, $216,000 principal amount of said Debentures have been selected for redemption on February 15, 1980 (the "Redemption Date"), through operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date, as follows:

Those outstanding Debentures of $1,000 each of prefix "M" bearing numbers ending in the following two digits:

04 06 22 30 52 54 61 66 85 87

And outstanding Debentures of prefix "M" bearing the following numbers:

767 1667 1967 4367 4567 5067 5167 5367 5967 6567 7367

On February 15, 1980, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the Redemption Date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London or Paris; Banca Vonwiller & C. S.p.A. in Milan; Banque Bruxelles Lambert S.A. in Brussels; and Banque Internationale à Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due February 15, 1980 should be detached and collected in the usual manner.

On and after February 15, 1980 interest shall cease to accrue on the Debentures herein designated for redemption.

Debentures are presently convertible into Common Stock of Champion International Corporation (formerly U.S. Plywood-Champion Papers Inc.), at the offices mentioned above, at the rate of 37.38 shares of such Common Stock for each $1,000 principal amount of Debentures.

The right to convert any of the above Debentures called for redemption will expire at the close of business on the Redemption Date.

Plywood-Champion International Finance Company

Dated: January 15, 1980

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF $1,000 EACH

M-924 2072 2451 3024 4330 4565 4851 5091 6965 7372 7378 7672

THE ARTS

Purcell Room

Capricorn

by RICHARD JOSEPH

First performances of music by two interesting younger British composers framed the Capricorn ensemble's accomplished concert at the Purcell Room. The programme opened with Michael Finnissy's *Folk-Song Set*, *originally* conceived in 1969, subsequently re-written a couple of times and heard on Saturday in its 1979 version.

The initial premise of the work, "a series of abort studies using the characteristic inflections and modal qualities of English folk-song" enabled Finnissy to clarify his usually complex compositional methods, to *move away* from strict serialism and to develop a vocal flexibility in his instrumental writing. In these respects, the chain of quiet, contrapuntal duets midway through the four settings (flute/clarinet, viola/piano, viola/cello, clarinet/mezzo soprano) most completely realised the composer's aims.

Barry Guy's *Play*, written in 1977 and *receiving its first* British performance, is a working out in instrumental terms of Samuel Beckett's play for actors and music *Cascando*. Beckett's work is a subtle construction of word and sound, and though any subject matter is fair game in musical composition, it must be said that Guy's translation neither operates entirely *successfully* in purely musical terms nor throws any strong light on *Cascando*.

There is a feeling of motion and enterprise in *Play's* grab-bag harmonies and Ivesian density of texture and time scale, but an architectural frame of reference is missing.

Reservations about *Play* were partly dispelled by the British premiere of Sandor Balassa's *Hajak* (Tresses), considerably *more unified* and "*worked*" in its instrumental textures but far less original than Guy's haphazard gestures.

Soviet composer Edison Denisov's *Romantic Music* more or less fulfilled its title; it proved to be a cheap, gaudy but nice piece, which gave Capricorn's admirable oboist Christopher O'Neal some fine chances to display his rich tone and *diligent* multiphonic chording.

Elliott Carter's tough, demanding Duo for violin and piano was given a brave performance by Elisabeth Perry and Julian Dawson-Lyell. The momentary slips of concentration and occasional stiffness in fast passages will certainly disappear in subsequent performances, and I hope that the range of bowing and dynamic will correspondingly increase. Josephine Nendick sang the Finnissy and Balassa pieces beautifully and Lionel Friend directed the biggar works with tact and accuracy.

Elizabeth Hall

Guarneri Quartet

by ANDREW CLEMENTS

The Guarneri Quartet has been in existence now for 14 years, its personnel unchanged. That in itself seems to be an outstanding achievement for an American group nowadays, and on their regular visits to London we have been able to watch their collective development. Some years ago they recorded a complete Beethoven cycle for RCA, remarkable in some ways for its technical accomplishment and dynamism, but lacking depth at crucial points. It was difficult not to ajudge that they had been lured into committing themselves too soon to disc. On Sunday evening, as part of the "Mainly Beethoven" series they gave us a programme devoted entirely to Beethoven, a single concert that proved their playing to have come of age and to prompt regrets that they are not staying to give us a series of recitals.

The Guarneri's playing remains supercharged. In movements such as the whirling trio of Op. 18 No. 3 or the skittering coda of Op. 95 they maintain a virtuosity still beyond tha reach of most contemporary quartets. But now there is an ampleness in their approach which allows the music *to* breathe more freely and to yield up more of its secrets. I cannot believe that in tha past Arnold Steinhardt would have allowed himself to fashion the opening theme of Op. 18 No. 3 so warmly (too warmly, so it proved, in the recapitulation) nor taken the *Più lento* in tha third movement of Op. 135 so broadly, a tempo emphasised by the relative swiftness of the *Lento assai* itself, which remains unacceptably hasty. As they mature yet further, they will dare to give it full weight.

To early Beethoven they now give a youthful spring. the *Kreutzer*-like finale of Op. 18 No. 3 now not a hell-for-leather scramble but more pointfully looking back to Mozart's 6/8 finales. The first movement of Op. 95 produced superlative playing; Tovey wrote that it "contrives to pack a large symphonic tragedy into five minutes" and here the compression and lightening changes of mood came, so it seemed, in a single exhalation, impassioned, intellectually unhinging.

The Quartet now stands on the brink of a great interpretation of Op. 135 also. The problems of the slow movement have already been mentioned and only the first movement otherwise remains less than *masterly: less sense of forward* impulsion is required, dalliance would not be out of order. Few quartets on the international circuit today could give a recital of such a high order of accomplishment and only one, perhaps two, could exceed it. There remains only the question of repeats. Few were observed, though the inclusion of the repeat in the finale of Op. 135 suggests that the rule is not inflexible. Complete performances demand complete texts.

Düsseldorf

Alcestis

by RONALD HOLLOWAY

Roberto Ciulli, an Italian director whose career has been tied to German theatre for more than a decade now, produced his second Euripides play in a row with an ensemble (the "Ciulli-Group") of his own: *Alcestis* in the Kleines Haus of the Düsseldorfer Schauspielhaus was preceded at the end of last season by the satyr play, *The Cyclops*, at the Cologne Schauspielhaus (where he spent most of the seventies as a director-in-residence). *The Cyclops* was the hit of BITEF, winning two awards at the Belgrade Theatre Festival, and *has since* reappeared on the Düsseldorf schedule, presumably to boost *Alcestis'* chances for selection in the Berliner Theatertreffen this spring.

Both *The Cyclops* and *Alcestis* are collaborative efforts between Director Ciulli and Dramaturg Helmut Schäfer, the latter receiving twin-billing for *Alcestis* as director and the *former* the same as Dramaturg. Some recognition should go too to the collective performance of the ensemble, who remain for the most part on stage throughout the slightly more than two-hour run without a pause.

Ciulli/Schäfer opted for the traditional arena staging, grouping the audience around what could pass for either an all-nite New Year's Eve binge in a club-restaurant or a solemn, ceremonial family-gathering in a manor-house. A German critic rightly commented that this *Alcestis* production was likely conceived in the vein of Luis Bunuel's film, *The Exterminating Angel*, for there is little reason to doubt that the slashes and changes in text signify that the "based on" tag refers as much to Bunuel or Jan Kott (cited in the programme) as it does to Euripides. That's the strength and enticement of *Alcestis*.

Death is thus the central character for Ciulli and Schäfer: the Exterminating Angel, *whose prize is the young* and whose presence cannot be warded off with wine and song. As the play opens, Admetus (*Fritz* Schediwy) is already drunk and muttering to himself as he staggers to a loaded banquet table for another slug of gin; Apollo, depicted as a doctor, plays with the children in a friendly but resignated fashion; and then Alcestis, a lady in white among the black-robed guests, flirts with Thanatos, a personified Death, in nervous gestures before he suddenly and wearily carries her bare from the ceremonial field. The only hint that death is imminent rises from an un*usual* flower arrangement in a corner opposite the banquet table that requires only a bier to be complete.

After the victim has been claimed, the party falls apart at the seams. Guests take to attacking each other; Admetus throws his scornful parents out the door; two hired flamingo musicians sing of love as men pursue women like animals in heat; and an entertainer mocks everyone with smutty jokes and jazz numbers from a bandstand. The place becomes a complete *shambles*, the contents of the table spilled across the floor, with one guest, a painter, having pasted his face white with oozing cream as a final mockery.

Ciulli and Schäfer saved a few twists for the end. Admetus has a brief fling with Alcestis' sister to console himself, then perceptively begin to sober up *as Heracles* enters to join the party. Heracles, sipping beer from a can, measures the situation — the inability of Alcestis' guests to face death— *and brings back* the soaking-wet, veiled victim from across the Styx. Admetus is dumbfounded and the guests are in a stupor: is Alcestis, perhaps, a Mask of *the Red Death*?

The Düsseldorfer *Alcestis* may not be a straight-forward Euripides, but it is one of the finest interpretations of a *classic* German theatre has produced in a long time.

Visual Art

A rocky ride into the Eighties

by ROY STRONG

I am well aware that tha sixties ended in January, 1974 and doubtless the seventies as an era has a few more years still to run but decades are a convenience to which the historian can attach a degree of truth in mood and atmosphere. One senses the run down of an age past its apogee in the 1590s, as sharply as the 1920s kicks its legs in stiletto precision, or the 1850s exudes its aura of material prosperity and moral rectitude. Ona only feels like shedding a tear for the passing of the bleak seventies in anticipation that the eighties will be even bleaker. In the field of tha visual arts enter the age of beleaguered bewilderment, enter doubt and uncertainty, enter "if" as against "when," enter the decade for seasoned voyagers that will quickly sort out the men from the boys. In the words of Bette [...]is, "Fasten your seat bel[t]: it's going to be a rocky ride."

One thing I am certain about is that the eighties will not be about museums. All through the seventies the focus was shifting away from tha museum movement, a nineteenth century phenomenon before palaces and country houses opened their doors, to the historic environment, embracing landscape, townscape, churches, houses and industrial sites. Without doubt tha dominant theme of the last 20 years of this century will be the *terms* upon *which our* environmental heritage can survive. How in short this can be sustained without irretrievable losses in a country with a changed social structure, declining religious belief, and diminishing financial resources. 1980 will open with the establishment of the Heritage Fund which will form the inevitable focus for all these tensions and aspirations.

Within the realm of the contemporary visual arts the greatest achievement of the last decade must surely lie with the crafts. For many people this has passed by almost unnoticed but others, often from the mainland of Europe or the United States, have been keenly aware that Britain during the 1970s underwent a creative renaissance in the crafts unparalleled elsewhere. This has embraced everything from handwoven textiles to engraved glass, from jewellery to ceramics. It has also been achieved in the face of much indifference, particularly from the printed media who either ignore craftsmen or wave them a hand from the columns of the women's page. To read the arts pages of the major dailies for the decade will produce little evidence for posterity on this amazing movement. The problem now lies in its direction during the 1980s, the danger that success brings of over institutionalisation and how its fecundity of invention can influence and lift the low standard of taste prevalent in most areas of mass production.

Will exhibition mania continue through tha 1980s? Certainly unsung and unnoticed London has become the exhibition centre of the world. No other capital can offer at any one time such a bewildering number of exhibitions. And yet we still think in terms of the Paris blockbusters. But the truth of the mattar is they are really here. Within the last faw months a visitor could take in, during a couple of days, the vast Post Impressionist exhibition at the Royal Academy, the Thirties at the Hayward, Ingres and the Art of Hollywood at the V and A, Lawrence at the National Portrait Gallery, to list but a few. Even though costs have to ba cut and the shows fewer and running longer. I see no diminution in exhibition creativity. The exhibition is firmly established as an art form housed in a museum as a play is housed in a theatre. It has become an integral part of the life of the arts and even in austerity it is here to stay.

Education which was in during the 60s, progressively mora and more out during the 70s, is definitely out in the 80s, a move epitomised by the divorce of art and education lo the transfer of the responsibility for tha arts away from the DES to the Office of the Duchy of Lancaster. Tha education bandwagon, which was the justification for much of tha vast expansion in arts activities for a period, now looks like a dead duck. "Out" perhaps is too strong a word, "demoted" would be better. The revival in theatre must owe much to the fact that drama is a part of Eng. Lit. in schools, our full opera houses and concert halls have a similar debt to the introduction of music-making in education, but there is no comparabla achievement in the field of the visual arts. Habitat ha[s] probably done more to raise t[he] average level of British day[-to-]day taste in living than [an]y school. Steam radio is batt[ing] away at us with the "wor[d" in] the form of endless poet[ry an]thologies but television [ha]s yet to achieve the visual re[vol]ution. And in the heritaga e[...] of the 80s it is high time th[at] the historic visual fabric of t[he] country was ensconced in the [cu]rriculum. Isn't Stubbs just [as] important as Sheridan or Har[dw]ick Hall as Christopher Marlowe? Com[pa]red with our EEC colleagues [we] are the visual peasants of E[uro]pe.

One trend is irreversi[ble]. Tha public which wants ar[t w]ill increasingly have to p[ay] for it. In many ways it w[as] foolish that it took so ve[ry] long to begin to escalate t[he] prices of theatre seats an[d] exhibition entrance. But [we] were so obsessed in the [pro]sperous 60s with taking art [] to as wide an audience as [po]ssible that it was virtually [giv]en away and hence it has b[ec]ome enshrined in most peopl[e's] minds that it should be c[he]ap. Now arts administrator[s] are busy jacking up their pri[ce]s. At long last exhibition e[n]try charges have reached £2, [ne]arly the price of a mediocre [se]at in a cinema. In 1978, to c[har]ge £1 caused more than a ri[pple] of comment.

And [do]es some of this have a familia[r r]ing to it? Well, yes, for t[hos]e of us who lived throu[gh] the battle over museum [ch]arges it does. If it were not [fo]r that old struggle, fought be[fore] the economic horrors of th[e] times came home to roost, [mu]seum charges would pass [thr]ough parliament overnight. [Al]ready local government pending cuts are leading to the introduction of charges in regional museums and galleries. By the close of the eightiea this could become universal. In Lord Eccles'a scenario they were "the sprat to catch a mackerel." As things are going we may need them to hold onto the sprat. If I had been offered the choice by the last government (which I wasn't) between introducing charges (to which I was opposed) and closing the V and A'a service to the regions and the museum one day a week, I have no doubt as to what my decision would have been. One also senses increasing disquiet in needy times over the millions of tourists who pass through our doors without making any tangible contribution towards keeping them open. Cathedrals are also being forced this way fast. All this passad through my mind recently when I queued at the cash till at the Metropolitan Museum of Art New York where the notice read "Pay what you will, but we *suggest $2.50*."

What are the other question marks hanging over the coming decade? The biggest one hangs over the Royal Academy and its future. The next is suspended over the relationship or otherwise of the British Museum and the British Library. And the third is on Millbank, where a new Director has to decide what the *Tate Gallery is actually* about. All three should keep the art press and others on the sidelines entertained for many a year.

There will doubt*less be yet* more crises over the export of works of art from our shores, accelerated to fever pitch by the vast annual purchase grant of the Paul Getty Museum. The pattern, however, will be basically the sama. Where it should be hopefully radically different will be in the mysterious area of commercial art sponsorship. *This, for most of us, will be the* experiment of the coming decade with many lessons to be learned on both sides and some much needed, enabling legislation to be passed.

Does one sense the end of an era in the arts? In one sense, yes. The premises upon which the arts have been built since tha last *war* are under *review*. This is no bad thing. We have lived through a period *of* tremendous achievement and expansion probably unparalleled *in* our history. One only has to think of the number of opera and ballet companies alone. Loud are the cries, however, from those who since birth have bathed *in* the *waters* pouring from the arts tap *of* the welfare state to find it being turned off even a little. Anger and rage and denunciation mingle with self-righteous diatribe. And yet few seem to give pause for thought aa to what all this represents. Are the arts a mirror of aociety or are they a distorting glass? Should they *reflect* the *economic state of the* country or should they be exempt as an arcadia into which we can happily escape however briefly from the deprivation elsewhere? Those who argue this cite the last war when money was pumped into what were to become the agents of culture after 1945. But there was a reason: the arts in the *Second World War inspired* loyalty and patriotism whether it was Coward'a play *This Happy Breed* or Ashton's ballet *The Quest*. No, surely the only relevant parallel would be Eastern Europe where, however gloomy and repressive life may be, *The Sleeping Beauty* is danced non-stop in glittering splendour. *Hopefully* this *is* not a distorting glass into which we would wish to step. Rather in the eighties we must search for balance, learn how to mark tima, to consolidate what we miraculously have got, maka for limited objectives and, above all, prize quality.

Pompidou Centre, Paris

Salvador Dali

by NICHOLAS POWELL

Nearly half a million visitors are expected at the biggest ever Salvador Dali retrospective (Pompidou Centre until April 14) to ponder the obsessions of what must be the most lucrative personal unconscious in the history of art. The bulk of the exhibition will then transfer to the Tate from June 13 to June 29.

A "kermesse héroiqna" — a pot pourri of lesser-known works arranged by Dali himself in a mud-coloured walkway — occupies much of the ground floor of the Pompidou. Two dozen giant salamis of rubberised canvas, numerous clusters of bright red frankfurters and illuminated bunches of grapes dangle around. Sticks of French bread hover on wires.

Insida is an apparently gratuitous selaction of often undated works including three Cubist-inspired canvases, a shapeless evening dress designed for Elsa Schiaparelli, three sculptures entitled "Machine à penser," two video shows featuring the Master (talking about himself) and jewellery.

The bold jewellery is a good outlet for Dali's essentially finicky and ornamental imagination: although the originality of his "space elephant" a pillar-bearing beast which also appears in two canvases — is doubtful to anyone familiar with Bernini's elephant statue in the piazza Minerva in Rome.

Suspended over the exhibition area are a 40-metres-long teaspoon, weighing 1,600 kilograms (an elongated spoon features in the painting "Symbole agnostique" 1932) and a Citroen car similar to that perched in the painting "Apparition de la Ville de Delft" 1935-36.

The main exhibition, on the fifth floor of the centre, includes 168 paintings, 219 drawings, four sculptures, 38 objects, seven engravings, and the film "Un Chien Andalou." The works are divided into 11 thematic groups.

The first section moves from tha muddy-paletted "Vieillard Crépusculaire" 1917-18 and "Portrait du violoncelliste Ricardo Pichot" 1920, to th[e] imitative canvases of Dal[i's] early 20s.

There is an unsuccessful [fli]rt with the bright-light style of Bonnard ("Portrait de [m]on père" undated) and the 1926 "Venus i[ ] un mariner" [w]hose hefty goddess is heavily dependent on the neo[cl]assical Picasso. "Jeune fille [deb]out [à] la fenêtre" 1925 is [st]rikingly similar to Dali's lat[er] hyper-realist style, whe[re]as "La vache spectrale" [an]d "L'[â]ne pourri" of 1928 sh[ow] a de[bt] to Miro.

Dali's brief ho[ne]ymoon [w]ith the Paris sur[re]alist [grou]p enabled him to [s]eize on [th]eir fascination wit[h] access [to] the unconscious: re[le]ase of [hi]s infantile obsessi[on]s coinc[id]e with artistic matur[it]y and th[e] start of his "paranoia[c]-criti[qu]e." "Le Grand Masturbate[ur]" and "L'énigme [d]u des[ir]" of 1929 in the "[o]euvre [s]urrealists" section combin[e] favourite obsession[s], des[pi]te perspectives an[d] a ne[w] luminosity in the pai[nt] itself.

The canvas[es] of the William Tell s[ec]tion next door expose, dixit [D]ali, the artist's fearful confli[ct] with his father. Dali's longstanding *fascination for* Millet's "Angelus" has a section to itself, aa do the paintings concerned with "double images" such as "Le Grand Paranoiaque" 1936 and "L'énigme sans fin" 1938. Dali's "objects," including that delightful impartinence, a sofa in the shape of Mae West'a lips, are grouped together in a room next to pre-war canvases inspired by "dreams and nightmares."

Gala, who left Paul Eluard for Dali, rapidly became his saviour. Apparent, *in* miniature, in "L'énigme de Guillsume Tell" 1933 she is the *centre* of attraction in *the* portraits with lamb chops of the same year and elevated to godhead in the "Madone de Port Lligat" of 1949. A section entitled "Mysticism and science" concentrates on Dali's religious work, including that most reproduced of paintings and antiseptic of crucifixiona, "Christ of Saint John of the Cross" 1951.

The "Stereoscopie" section *contains* recent, hyperrealist stereoscopic works ranging from "La Chaise" 1975 to "Le Christ de Gala" *1978*. "Odalisque Cyberétique" 1978 and "Phosphene" 1979 have Dali experi*menting with* the geometrical patterns of Op. Art.

The intelligence of the Pompidou Centre'a exhibition brings out, ironically, the lack of coherence in the work of a man so often slammed for showmanship, opportunism and greed. I came away with the thought that skilful attachment to fashions is not enough in an artist and that the personal unconscious—related with whatever degree of truth—is relevant only to oneself and, at a pinch, to one's psychiatrist.


Gala, nude, contemplating herself becoming a temple, 1945, and as the model for "Madone de Port Lligat," 1949.

'Beecham' at the Apollo

Beecham, a play by Caryl Brahms and Ned Sherrin, starring Timothy West as Sir Thomas Beecham and Terry Wale, *will open at the Apollo* Theatre on January 29. Previews from January 22.

Beecham which was presented at the Salisbury Playhouse in the summer, is directed by Patrick Garland and will feature original Beecham recordings for four musicians.

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A matter of survival

THERE IS a common thread running through the labour negotiations now in progress—or temporarily suspended — in several of the UK's major state-owned corporations, including BL, British Steel and British Rail. This is the desire of management to break out of the straitjacket of union-influenced rules over the way manpower is deployed and used. The existence of these rules, some of which have been "custom and practice" for as long as anyone can remember, is not the only reason why the efficiency of these organisations compares unfavourably with their foreign counterparts, but it is an important part of the problem.

Cash limits

The inability to deploy labour flexibly is not, of course, a phenomenon confined to the public sector; it is observable, to a greater or lesser extent, in large parts of British industry. What has brought the issue to the fore in the state corporations is that the pressure to correct their internal inefficiencies, arising partly from the marketplace and partly from the Government's policy of tight cash limits, is greater than ever before.

Some trade union leaders see the stronger management line on work practices as an assault on hard-won workers' rights and a return to the unilateral style of management which, in the post-Bullock era of participation and consultation, had seemed to be on the way out. In a sense their apprehensions are justified; the nub of the matter is a reassertion of management's right to manage. In a good many industries and companies the authority of management was eroded during the seller's market of the early post-war period. In the interests of maintaining or increasing production employers made concessions to shop floor pressure and allowed practices to develop which now, at a time of intense competition and declining profit margins, represent an unbearable cost burden. Today's management toughness is a consequence of past management weakness.

The fundamental question is how to recover the ground that has been lost. Employers cannot expect much help from national union leaders, most of whom feel bound to uphold the status quo. Their ability to deliver local implementation of any nationally-agreed productivity package is in any case doubtful. As Sir Keith Joseph, Secretary of State for Industry, reminded the House of Commons yesterday, the British Steel Corporation and unions reached agreement four years ago on the need for radical changes in manning and working practices in order to reach European levels of productivity, but the undertakings were not fulfilled; it is not surprising that the BSC is looking for something more than another promise of that kind.

In British Rail negotiations have been meandering along—another meeting was held yesterday—on a set of proposals which include a new approach to rostering and the removal of restrictions on promotion and training, to permit greater flexibility in the use of staff. In an industry which is short of labour in some areas—partly because it is paying uncompetitive rates — resistance to these changes is even less defensible. But the desire to protect traditional demarcation lines remains as strong as ever.

In BL negotiations on a new wage and productivity deal reached deadlock yesterday and the proposals are to be put to a ballot of the workforce, with a recommendation by the unions to reject. In view of the commitments given last month, when the Government approved the 1980 BL corporate plan, the management is obliged to press ahead with its programme for raising productivity.

Any business affected by overmanning, demarcation rules and other obstacles to labour efficiency can choose between three courses: to live with the problem, in the hope that it can somehow generate enough profits to survive, to chip away at it by painstaking and gradual negotiations, or to attempt a comprehensive new deal, even at the risk of confrontation.

Rapid reform

Most employers would prefer the second course; the fact that the third may become necessary is usually the result of previous mismanagement. But, whatever may have happened in the past, there are situations where a comprehensive and rapid reform is essential if the business is to survive. The task of negotiation and persuasion is immensely difficult, especially in the public sector, but the message must be driven home, preferably with the co-operation of national union leaders and without a demonstration that, contrary to the belief of many employes, a state-owned enterprise can actually go out of business.

Pakistan wants a high price

THE SOVIET invasion of Afghanistan, which has radically shifted the balance of power in West Asia, has thrust Pakistan to the centre of the world's diplomatic stage. The Western powers and Pakistan need each other now more urgently than they have done for many years, and yet the alliance being drawn up is fraught with problems and dogged by mutual suspicion.

For the past two years, President Zia has faced a constant barrage of criticism from Western governments and Press. First, he won condemnation for the way in which his Government tried and executed former Premier Zulfikar Ali Bhutto. More recently, the country's nuclear research programme has been attacked because of Western suspicions that the Pakistan Government is intending to build a nuclear bomb. In addition, President Zia's attempts to "Islamicise" Pakistan's legal system and purge society of "decadent" Western influences has bred more suspicion, resentment and criticism in the West.

To win support

As around 85,000 Soviet troops trundled over the Oxus and into the high mountain plateaux of Afghanistan, so American diplomacy in the region was turned on its head. The urgent strategic need to draw a line beyond which the Russians should not pass is viewed in Washington as so great, that the cherished issues of human rights and nuclear non-proliferation have been cast to the wind in an attempt to win Pakistan's support. The renewal of America's courtship is doubly embarrassing because Pakistan is likely to prove an extremely reluctant bride. With Russian troops for next door neighbours, President Zia is going to be careful not to give undue offence.

Apart from a fear of the Russians to the West, President Zia has reason to be wary of recent events in India on his eastern border. The landslide election victory of Mrs. Indira Gandhi augurs ill, since Mrs. Gandhi has always maintained good relations with Moscow and can be expected to maintain them now that she has returned to power.

Nevertheless, Pakistan's need for prompt military and economic support is urgent. While the Kremlin has given assurances that it will not step into Pakistani soil, Babrak Karmal, the new Afghan leader, has already said he does not recognise the Durand Line, accepted since the last decade of the 19th century as the border between Pakistan and Afghanistan. There has always been a fear that the Soviet-backed Government in Afghanistan will foment separatist sentiment among the tribal Pushtuns and Baluch, groups

Nonetheless the offer of military assistance by the U.S. in the past two weeks has been treated with suspicion. After the constant criticism of the past two years, President Zia regards the Americans as unreliable friends, and it is for exactly this reason that he will drive a very hard bargain before he offers the West any favours.

To accept Western aid now will mean to foster Soviet criticism in the future. The last thing Zia can afford is to commit himself to U.S. support only to find it is withdrawn in two years time, leaving his Government at the mercy of hostile Soviet-backed neighbours.

Zia would prefer to turn to more reliable friends for help: his first choice is seemingly the Chinese. Unfortunately, they do not have the military strength that Pakistan needs to face the Soviet threat with confidence. The second choice would be the Moslem powers.

Convenience

So in the end, neither Pakistan nor the United States feels it has any choice but to reach a deal with the other—a marriage of convenience in the true sense of the word. Pakistan will insist on copper-bottomed guarantees over long-term U.S. backing, and will expect President Carter to drop the non-proliferation issue. Economic aid on a substantial scale is also certain to be demanded. This is the price the United States must evidently pay for a barrier to Soviet expansionism.

Why BSC workers feel they are being taken for a ride

By CHRISTIAN TYLER, Labour Editor

BRITAIN'S first national steel strike, now in its third week, is not just about the size of a pay rise.

If the gulf between the British Steel Corporation and its trade unions could be measured only in terms of percentage points, then the conventional process of compromise would have pointed the way to a settlement before now. The strike would probably not even have begun.

It is not even about the BSC's unwillingness or inability to pay a going rate to its own employees—whether the 17 per cent rate of price inflation or the 20 per cent pay rise achieved by the miners. The steel unions at one stage offered to accept 13 per cent, with more to come from local productivity deals, just as in the past few years they have accepted less than the increase in prices. (Of course, the longer the strike goes on, the less willing the steelworkers will become to accept less than their original demand.)

Why, then, should the largest union in the industry, the Iron and Steel Trades Confederation (ISTC), whose name is a byword for moderation, take to the streets to fight an employer who to all intents and purposes is bankrupt?

Twice-over complaint

The short answer is that it believes it is being asked to pay for British Steel's losses, not once, but twice over; and it feels it has paid enough already. It is paying, through plant closures and loss of jobs, for an investment strategy to which it was not a party and which with hindsight appears grossly over-optimistic. If it accepts BSC's present wage offer, it would have to give up more jobs to fund that wage increase. Both the 8 per cent put on the table at national level, and the 4 per cent "guaranteed" from local productivity deals, require a *quid pro quo* from the unions; and although the strings cover a wide range of issues — absenteeism, demarcation lines, unofficial disputes — the unions are in no doubt that "productivity" means only one thing to BSC. That is jobs.

In that sense the 2 per cent "new money" offer with which the BSC opened negotiations was only the straw that broke the camel's back. Now, according to Mr. Bill Sirs, general secretary of the ISTC, even that new money — the cost to BSC of honouring a previous commitment to consolidate certain supplements — has been withdrawn from the draft agreement.

At first sight, the BSC's case is not only coherent, but inevitable. It has no money to pay an increase in wages unless those wages can be found through the workers themselves raising their productivity. And since, it says the unions cannot "deliver" productivity improvements by sitting round a table in London, they must give up their role of national wage bargainers and authorise their local officials to negotiate at the point of production. BSC's senior officials claim that years of relatively high inflation and enormous financial loss have combined to make a switch from national to local bargaining imperative.

If the BSC were a private employer, this argument would probably carry more weight than it does. As it is, the BSC is not its own paymaster. Invisible as the Government tries to remain in this dispute, its presence is all too evident to the unions, and to the TUC which is giving unprecedented moral support to the strike.

In other words the BSC illustrates in its acutest form the Government's attempt to instal "free collective bargaining" in the public sector which it ultimately controls. The Government sets the financial limits on BSC's borrowing, and the accounts show that the BSC cannot afford to pay anything.

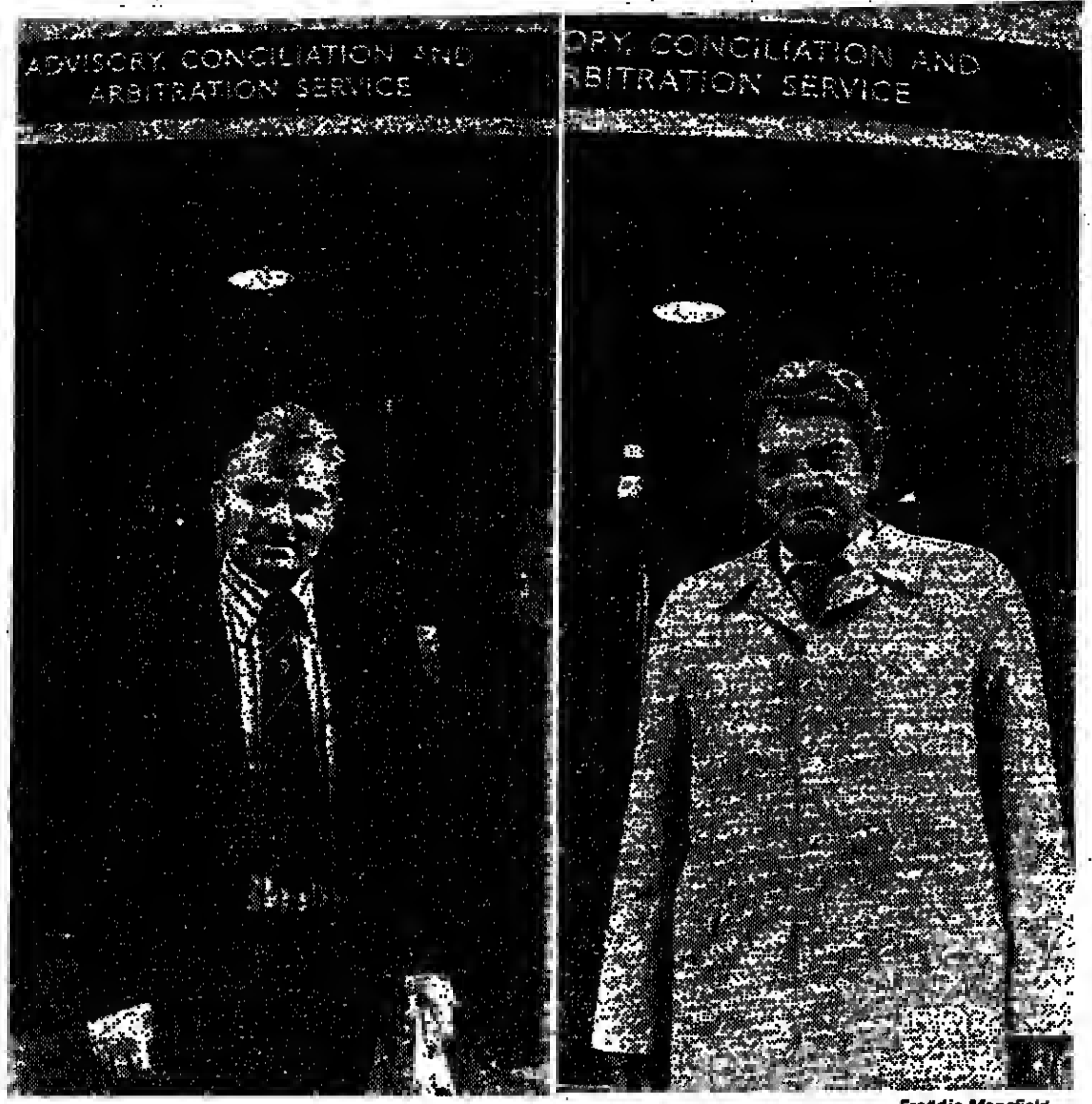
Mr. Bob Scholey, BSC's chief executive, and Dr. David Grieves, managing director of personnel, both appear mystified and alarmed by the ISTC's refusal to accept the balance-sheet put before them. They believe—and it appears correctly—that the steel unions think BSC can and should find the money to keep its employees in pace with or near to the rise in living costs, regardless of productivity bonuses.

Mr. Sirs has his own balance-sheet. It shows an *operating profit* for BSC. Among the items which he argues the BSC should disregard in the £300m loss for 1979-80 for purposes of this argument anyway—are the £188m interest payment on the investment programme, the cost of BSC's job-finding subsidiary, BSC Industry (£10m rising to £20m next year), the cost penalty of using UK coal (£135m), overtime pay (£80m), and the cost of external labour disputes, to mention the chief items. Mr. Sirs points out too that hundreds of millions will have to be found for plant closures.

None of these items should be chargeable to the workers, he said yesterday. In addition the latest of the union's strike broadsheets proclaims that "tens of millions of pounds have been chucked away by the Corporation in recent years, arising from mistaken investment decisions."

The bulletin concludes: "We will not be made scapegoats for the Corporation's habitual mismanagement."

It is not surprising, therefore, that so much of the argument in this dispute should be focussed on statistics. As during its recent plant closure programme, the BSC is trying to produce economic arguments to support its case. The unions—with some encouragement from academics and other outside opinion—are increasingly sceptical of those figures, and Mr. Sirs believes he is winning the statistical battle.



Freddie Mansfield

Two disgruntled union leaders arrive at ACAS for yesterday's talks: Mr. Bill Sirs of the ISTC and Mr. Hector Smith of the Blast-furnacemen.

Add to that the controversy about international productivity comparisons—which the BSC says show its employees as the least efficient in the industrialised world—and the true size of the gulf between the two sides begins to emerge.

There is a further ingredient—low morale—which appears to have reinforced, rather than tempered, the militancy of the ISTC. It would be surprising if a shrinking industry did not suffer from poor morale; but the very speed of its contraction in recent years, and the management's desperate attempts to retrench, have not helped. Sir Charles Villiers, the BSC chairman, may have been the victim of the corporation's poor forecasting. But the result is that senior management lacks credibility, and a store of resentment within the corporation is now emerging. Nor has the boardroom conflict between the patrician Sir Charles and the blunt Mr. Scholey escaped the unions' notice.

Mr. Sirs says that his steelworkers have been so buffeted by changes of decision about the future of their plants that they are no longer afraid of the Corporation's threats that the steel strike can only hasten further plant closures. If that is true, it removes what BSC may have seen as the strongest weapon in its armoury.

The central issue remains BSC's refusal to pay for productivity in advance (though it has offered to pay in advance one quarter's instalment of a lump sum bonus scheme) although the unions are insisting that they cannot enter nebulous local bargains without a substantial increase, without strings, to protect themselves against inflation first. The unions also want a "lead-in" payment to get local negotiations rolling.

Multiplicity of unions

The corporation's complaint is that advance payments do not work, and the record seems to bear that out. Its grievance seems to be directed not at the production workers of the ISTC, but at the craftsmen, who are represented by seven different unions on an internecine body called the National Craftsmen's Co-ordinating Committee (NCCC).

According to the ISTC, its own members have co-operated, and sacrificed jobs. But the craftsmen, who are a growing proportion of the workforce as steelmaking becomes more technical, have not. Mr. Sirs feels he is the stalking horse for the NCCC.

Some years ago the BSC introduced the idea of work-measured incentive schemes (WMIS), in an attempt to buy out some of the historical demarcation lines between craft unions in a more systematic way.

The BSC set great store by the scheme—and still does. But the history of one agreement, at Port Talbot in South Wales, shows how ineffective such schemes can be. One shop steward told me: "WMIS has cost the BSC a mint, and value for money is absolutely negligible."

The craft unions at Port Talbot (which do not belong to the NCCC structure) were given £4 a week per member to talk about the scheme. One union did so for two years. "Eventually when we signed it, we had mastered every trick in the book, and before it was implemented people were told how not to make it work."

The scheme gave birth to a new adage: "The pen is mightier than the pliers." The man who did the measuring of the work was nominated by the union, and the scheme produced mountains of job cards and up to £17 a week for some of the workers, but not much else. It seems the electricians at the plant—who like to stick to their basic shifts — did especially well. Boilermakers and fitters did not attempt to beat the system. They preferred to get their extra cash in the time-honoured way — by doing overtime.

Last year the management tried a new tack, with a scheme called "group working practices" to create a top tier of craftsmen and stop the differentials leap-frogging between electricians, boilermakers and fitters. It was successfully introduced at Redcar, where manning generally is down, to best international levels. As a greenfield site it was virgin territory for bargaining.

Cost of job losses

It spread to Sheffield, where a rise of £14 a week was paid for by a few job losses. But when it came round to Port Talbot the electricians rejected it because the price in jobs was too high. The boilermakers and fitters narrowly accepted after a blazing row. This latest scheme was also in two parts: a £9 a week payment for giving up the jobs and another £4 based on plant performance. The electricians reckoned that the £4 was far too vulnerable to circumstances outside their control and would have yielded them only between £1.80 and £2.40 a week. Their objection is a microcosm of the union's objection to the present BSC proposals: the jobs will go, BSC will get the saving, but the men left behind will get little or nothing.

Both at local and national level trade union officials see their members' attachment to overtime working—and management's compliance—as one of the biggest stumbling blocks to rational negotiation whether on productivity or de-manning. If the BSC is so overmanned, they ask, why is it paying out £80m a year in overtime money?

The BSC complains bitterly that its trade unions drag their feet while the industry goes to ruin. The unions complain just as bitterly that the management is incompetent—in its industrial relations, its accountancy and even in selling steel.

The national strike has exposed the helplessness of the one and the disillusionment of the other—a strike that is as much an issue of confidence as it is of cash. As Mr. Sirs said: "Any management that can bring us out for the first time in our history must have got something wrong somewhere."

MEN AND MATTERS

Foraging for a few more subs

"We live," says Arthur Tron, "in hope. . . . Perhaps industry just takes a long time to pay its bills." Newly-appointed manager of the state-funded UK Waste Material Exchange, Tron has been dismayed by the response to attempts to make the exchange self-funding. Invoices for £20 (plus the inevitable VAT) were sent out for the first time in the Exchange's five-year history last October. Of the 300 or so firms which paid up (out of a total of 5,000 using the Exchange) most have been small businesses. "We find it very surprising," Tron says, in tones of genuine bewilderment.

The future of the Exchange is now in the balance, a fact which might surprise those in France, Germany, and Canada who have set up Exchanges based on the UK model. Its function is simply to marry producers of waste with those who might find their rubbish useful. This is done very discreetly through a bulletin carrying code numbers. Potential users contact the Exchange, which in turn contacts the waste-producers. If the waste-producer is not keen on revealing the contents of its dustbin to a rival company, it makes an excuse and disposes of the waste elsewhere.

The waste products for which new uses are found by the Stevenage-based Exchange, an adjunct of the Department of Industry's Warren Springs laboratory, range from miles of nylon rope ordered by mistake to tons of egg-shells and chemicals. Operating on a budget of £50,000 a year, the Exchange has saved industry at least £5m so far. The figure is probably conservative. Since marriages are confidential, the figure is based only on unsolicited testimonials from happy couples.

The largest scope is probably in chemicals, Tron feels. Industry tends to fight shy of even slightly contaminated materials. But often purity is unnecessary. One marriage he has arranged is between a firm with a large quantity of acid wastes it needs to neutralise, and another with a large amount of alkaline material on its hands. The first firm used to have to buy in caustic, but now merely pays the transport costs for removing the second firm's waste.

"The trouble is that we have been too successful," Tron reflects. "When we effect a marriage the producer and user of the waste tend to drop out of the system and make their own deals."

Going down

The Maitland Bar, a massive high-purity gold nugget dug up by a Chinese prospector in Australia 93 years ago and reputed to be the biggest chunk of natural gold ever mined, appears to be losing weight. Brought out of the vaults of the Bank of New South Wales for its first weigh-in since 1929, the nugget tipped the latest in electronic scales at 343.37 troy ounces. This compares with a weight of 350 oz recorded in 1887.

A study of other weighings reveals that the bar has apparently been growing steadily lighter since it was found. The experts are not confounded, however, and put the disparities down to the increasing sophistication of weighing equipment.

Sold to the NSW Department of Mines by its Chinese finder for £1,250, the shrinking nugget—taking account of its uniqueness as a specimen—is now valued at around £500,000.

Pilot schemes

Gold fever in the world's financial centres has reawakened the spirit of the old West in the breasts of the criminal communities of Canada and the U.S. High technology stick-up artists—they have discarded horse and six-shooter for helicopter and machine-gun—now roam the badlands of North America in search of isolated gold and silver mines.

One of Canada's top gold mine operators recently had a visit from such a gang at one of its out-lying mines in the bush. Dropping out of the sky the raiders soon over-powered the lightly armed mine guards and promptly vanished into the blue with two weeks' worth of gold concentrates.

These concentrates, which can be processed relatively easily into untraceable and highly profitable pure gold bars, have until recently been stock-piled at the mines in large quantities to await collection by armoured truck. My informant, pleading anonymity, tells me that before the raid his company used to ship concentrates to the refineries about once a fortnight. After the attack the insurance agents told him that, if he wanted to retain full cover, the company would have to change its transport arrangements. Now a helicopter visits the mine once a week to take away the diggings. This has added over $50,000 a year to operating costs.

"With the price going the way it is, we are now having to consider stepping up collection rates to once every two or three days," my contact complains.

He also tells me that the soaring price of gold and silver has sharpened the temptation to steal among mine workers, who find ready buyers for contraband in the beer parlours. "They are taking concentrates out by the pound. But we keep an eye on them as they leave. Check out anyone with a limp and you can usually count on finding his rubber boots half-full of the stuff."

Touch of glass

Could I suggest, dear reader, that you cut out this item and paste it facing outwards in your office window. Chances are that it will attract the eye of those daring young men in the building maintenance cradles who daily dangle there cleaning your windows. I hear they have been slow to respond to a world record challenge and the temptation of £2,000 in prize money offered by a Californian company which is seeking Britain's—and possibly the world's—fastest window cleaner.

The prize has been offered by Ettore, a company which claims to sell 20,000 rubber-bladed squeegees a year in the UK, and which hopes to find a high-flyer able to beat the existing world record of 38 square feet of window rendered spotless in 48 seconds.

The Federation of Master Window Cleaners, the union representing about 500 of the country's tradesmen, tells me it has sent out 700 entry forms but has so far not received word from anyone willing to chance his arm in competition.

Love story

Written on a poster in a Sussex ante-natal clinic: "Ama, an amamma."

Observer

FINANCIAL TIMES SURVEY

Tuesday January 15 1980

CANADA

The Canadian electorate went to the polls only eight months ago and voted for a change, but the new Progressive Conservative Government was brought down in December. On February 18, voters will again choose between Prime Minister Joe Clark and Pierre Trudeau, his predecessor for 11 years.

Voters set for Round Two

By David Buchan

FOR MANY Canadians the start of the new decade resembled the re-run of an old prizefight film, except that as Canada's federal political parties go into the February general election campaign, young Mr. Joe Clark in the Progressive Conservativa corner has reached the mature age of 40, and Mr. Pierre Elliott Trudaau, the aging warrior dragooned into carrying on the Liberal colours, is now an august 60.

For 1979 was supposed to bave heen a year in wbich Canadians voted for change. They did so—or enough of them did so in the May election to make the Progressive Conservatives the largest single party in Parliament with 136 seats, and *to* bring to an *end* 16 years of Liberal reign and tha 11-year Premiership of Mr. Trudeau.

But the May election brought little change of direction to the country, which was kept marking time while Prime Minister Clark's minority Government delayed calling Parliament until October and survived a series of no-confidence votes over the next two months, only to be brought down on his budget in mid-December. A February poll was Immediately called, with the possibility that Mr. Trudeau might again lead Canada in the councils of the world. Under rank-and-file pressure, Mr. Trudeau was persuaded to reverse his previous announcement to resign the Liberal leadership to get the party through the new election.

The fall of the Clark Government rendered nought a considerable body of legislation it was preparing — perhaps most notably, a Bill allowing Canadian homeowners to offset mortgage interest payments and property tax against income tax and certain amendments to Canada's Bank Act giving foreign banks more scope. It also meant further procrastination on vital decisions coocerning energy and Governmeot finances.

Political progress in the coming year will depend largely on one or other of the two major parties winning an overall working majority at the February poll. That is by no means certain, with the new Democratic Party winning a record 27 seats last May, helped by a strong trade union "get-out-the-vote" drive, and believing it can improve on this next month. But at least 1980 will see Quebec a step nearer resolving tha vexed question of its future with English-speaking Canada.

Referendnm

Mr. Rene Levesque, Quebec's controversial Premier, is thought likely to set the federalism referendum in the province for early summer, probably June.

The political crystal ball appears clouded, hnt there is unanimity about Canada's economic prospects in the coming year. They will be less good than In 1979, simply because that is also the prognosis for the U.S., with which Canada does two thirds of *its* external trade.

The outgoing Tory Government last month forecast that real *gross* national *product* growth would slow from 2.8 per cent to 1 per cent this year, unemployment would rise from 7.5 per cent to 8.3 per cent, and that inflation would increase from 9.2 per cent in 1979 to 11 per cent this year. From the point of view of Tory political strategists, the earlier the election in 1980 the better.

Bnt the Tories have the probable disadvantage of having laid in detail their painful remedy for the country's ills, in particular the Federal budget deficit and yawning deficit on current account with the rest of the world. Mr. Clark has said if he wins power agaio, he will simply reintroduce the budget on which his Goverument fell. This wonld have raised indirect taxes, notably an 18 cent increase oo a gallon of petrol.

The other political parties can keep their economic platforms more pleasantly vague, though there is a strong suspicion that a post-February Liberal Government might bave to go down the same taxing road.

In terms of personality, Mr. Clark may never match Mr. Trudeau, the best known Canadian of his generation internationally. But the fact that the sometimes gangling, gaucbe Mr. Clark may uever

BASIC STATISTICS

Area 3,851,809 square miles (9,976,139 square kilometres)

Population	23.5m
GNP (1978)	C$230.41bn
Per capita	C$9,804.6
TRADE (1978)	
Exports	C$54,957m
Imports	C$52,978m
TRADE WITH UK (1978)	
Exports to:	£1.088897bn
Imports from:	£740.508m
Currency:	£=C$2.6345

inspire Clarkomania may be oo great political bandicap: The other side of tbe coio is that he seems to bave fewer ardent dislikers than Mr. Trudeau.

Certaloly the Clark philosophy of a looser federal rein from Ottawa on the 10 provinces of the country seems to accord well with the new temper of the times. *It springs oaturally* from Mr. Clark's own temperament, less combative than Mr. Trudeau's, and from his own province of Alberta, eager to retain as much of its oil and gas wealth for itself as possible. Most important, it is probably a sound strategy to adopt towards the Quebec issue, the biggest test for Canada in the coming year.

Mr. Clark has wisely left it to the Quebec Liberal leader Mr. Claude Ryan to lead the federalist cause in the province, a second-string role that Mr. Trudeau, quite naturally because of his French Canadian background and strong feelings against separatism, has found impossihle to slay. Mr. Levesque's own Pequistes admit tbe wisdom of letting Mr. Ryao, who has ably rehuilt the Quebec Liberal Party from the ruins of its 1976 defeat by the Pequistes, his head.

Mäoy Quebecois are frankly alarmed at the leap in the dark that Mr. Levesque has prooosed they take towards sovereignty-association: basically, political independence, but retaining the economic advantages of a common market aod currency wltb the rest of Canada.

On other other hand, most Quebecois want what they see as a falrer share of Canada's wealth.

There is some evldence for the alarming concluslon that Quebec is only a special and acute instance of a general trend towards greater provincial self-sufficiency.

The possible fragmentation of the Canadian "common market" can be seen in certain "province-building" measures that some proviocial goveroments have recently taken. Quebec and some of the maritime provinces, for example, give a preference on public contracts to goods with a high proviocial content.

But this prospect should not be overdrawn. A greater fear that provinces, once politically or ecooomically Balkanlsed, would be sucked into the maw of the U.S., makes them stick together.

There is certainly plenty of scope for energy co-operation wltb the U.S., particularly in natural gas of which Canada has a sizeable and stlll growing surplus. The Canadian National Energy Board has in fact just authorised the sale of some 3.75 trillion cubic feet of gas to the U.S., but Canada also needs to put its energy house ln order at home.

This will have to be thrashed out in a quasi-diplomatic manner between Ottawa and the ten provinces, which regard natural resources on their soil as their own to negotiate.

What does seem certain is that Canada will not remain self-sufficient in fossil fuels unless there is a higher domestic price to curb consumption and encourage production of more iotractable reserves, such as heavy oil and tar sands.

While Canadlans last year used more petrol than ever before, domestic prices lagged behiod world levels because of internal disagreements on how *fast the price* should rise. Canadians are the world's most voracious consumers of energy —52 barrels of oil equivalent per capita. To some degree, with a fiercely cold climate and long distances between communities, they bave to be.

But energy cautiously used and aggresslvely developed could be one of Canada's salvations *in the* energy-hungry decades to come.

CONTENTS

Economy will grow weaker

THIS YEAR will he less good than 1979. That at least is agreed by Canada's three major political parties, though their differing economic ideas of wbat to do ahout it give voters a choice at the February 18 general election. The outgoing Conservative Government offered a new year's prospect, on the occasion of its ill-fated mid-December bodget, of a decline of the growth of real gross national product from 2.8 per cent last year to 1 per cent this, a rise in the unemployment rate from 7.5 to 8.3 per cent over the same period, and an Increased rate of price rises from 9.2 per ceot in 1979 to 11 per cent this year.

The only quibble that private economic experts, such as at the Conference Board of Canada, have is to suggest real output may io fact grow by by sligbtly less than the 1 per cent. This overall consensus is no startling fluke: it stems from the basic expectation that the ecooomy in the U.S., with which Canada does two thirds of its external trade, will provide a weaker market for Canadian goods, while the price of Canadian imports from south of the horder will go on increasiog as strongly as ever.

In addition, and almost irrespective of the flow of governments in and out of Ottawa, the Bank of Caoada seems set on its course of keeping money supply expansion a little helow the domestic rate of inflation, and ioterest rates oo a par or slightly above those set by the Federal Reserve in the U.S. The bank rate was up to 14 per ceot by the turn of the year, and just as Canadian rate inereases followed those in the U.S. last year, so it seems likely that the Bank of Canada will lag behind the U.S. Fed in any easing of rates this year.

A post-February reflationary budget would change the equation—this is only conceivable if the Liberals win outright, or somehow obtain a governing minority with the support of the New Democratic Party. The Tories have pledged to re-introduce their old budget if returned to office. But at the turn of the year, it seemed the main engine of growth in the Canadian economy would continue to be business investment in plant and capital equipment. This started in 1978 with the exporting sector setting out to reap the competitive fruits of a fallen Canadian dollar against the U.S. currency, continued through 1879 at a pace of 10.8 per cent according to official figures, and will slow slightly to a 4.6 per cent rate this year (official figure again). Outside the short-term cycle, too, there is as usual a numher of hig energy-related construction projects forging ahead, in electricity generation, oll sands and heavy oil extraction, and pipelines.

EXTERNAL PAYMENTS
(C$bn)

	1974	1975	1976	1977	1878	Jan. to June 1978	Jan. to June 1879	*1979	*1980
Current Account	−1.5	−4.8	−3.8	−4.3	−5.3	−2.9	−4.3	−6.0	−7.4
of which:									
Merchandise balance	+1.7	−0.5	+1.4	+2.7	+3.4	+1.5	+0.6	+2.3	+1.3
Service balance	−3.7	−4.7	−5.8	−7.4	−8.7	−4.3	−5.1		
Inclnding Dividends and interest	−1.6	−2.0	−2.5	−3.6	−4.4	−1.7	−2.3		

* OECD forecast.

Potential

The degree to which the Canadian economy is running behind its potential is, bowever, a matter of sharp political dispute. Liherals and the NDP—the opposition in the last Parliament — hotly contended that slack in the economy was evideot in the high and rising national unemployment rate, and that what was needed was lower interest rates, and if that meant a lower exchange rate, it would boost exports.

The Bank of Canada, supported hy Mr. Joe Clark's Tory Party, flatly disagreed. Mr. Gerald Bouey and Mr. R. W. Lawson, the central bank's governor and deputy governor (hoth just re-appointed to further seven-year terms) have maintained that Canadian companies whicb export or wbose products compete with imports have been going full tilt. Their argument that Canadian industry is, broadly speaking, competitive abroad at the current exchange rate would seem to he borne out by other indicators, such as last year's rise of corporate profits (45 per cent in January-June 1979), compared with the same period a year earlier.

"In present circumstances a significant further depreciation of the Canadian dollar would do much more harm than good." Mr. Bouey has warned. It would at once increase the cost of imports, hitting in turn Canada's manufacturing exports which have a higb degree of imported inpnt, while (the argument goes) new export-oriented investment that might he stimulated would take much looger to come on stream. Devalnation would also increase the cost in local currency of servicing the external deht.

Excess capacity is, bowever, marked in two categories. First, in the domestic bousing industry. The defeat of the Tory government placed on ice its plan to let houseowners set off mortgage interest payments and property taxes against income tax, which might have provided a stimulus to this sector.

Second there is idle capacity in those export sectors particnlarly suhject to the cyclical vagaries of the U.S. market—cars and lumber. The Ontario plants of the Detroit car companies bave heen hard hit by the slump in the car market south of the border because they bave tended to specialise in the medium-large range of models whicb U.S. buyers this year have turned away from.

The willingness of even a Tory Government to consider some cash grants to belp bail out the Canadian part of Chrysler—more generous than in the U.S. where the only proposals are for loan guarantees—underscores the importance attacbed to this sector in the Canadian economy. Accentuating the increase of Canada's deficit with the U.S. in the automotive trade has been the actual rise in domestic sales of cars largely of U.S. manufacture because Canadians last year experienced neither the sharp petrol price rises nor shortages that Americans did.

The slump in the U.S. housing industry has reduced its demand for Canadian lumber, though baving been burned badly before in the 1974-5 U.S. recession, the west coast lumher companies have since widened their outlets to take in the Far East. Efforts in recent years to diversify export markets — including a framework trade and co-operation agreement — have borne fruit and are likely to continue to do so as the rest of the world grows faster than the U.S.

Sharp regional differences, as well as those between sectors, make it hard to generalise about the state of the Canadian economy. A national unemployment rate of over 7 per cent, for instance, masks a 3 per cent rate in the oil-boom towns of Alberta and at the same time a 30 per cent winter johless rate in Newfoundland. It also needs stressing that these figures are not fully comparable internationally. The Canadian figures, generally speaking, exaggerate the evil. Yet the hroad perception by many Canadians and their communications media has not been one of an overheated economy.

A reason

That was one reason why the Bank of Canada could not politically have acted earlier last year, as it would bave liked to do, to raise interest rates until it could puhlicly claim force majeure by the U.S. Federal Reserve's actions.

The bank's tight mooey policy and the proposed fiscal squeeze by the outgoing Tories were claimed by them to be essential medicine for some pressing long-range problems: inflation, and the recent tendency of Canadians and their Governments to live beyond their means.

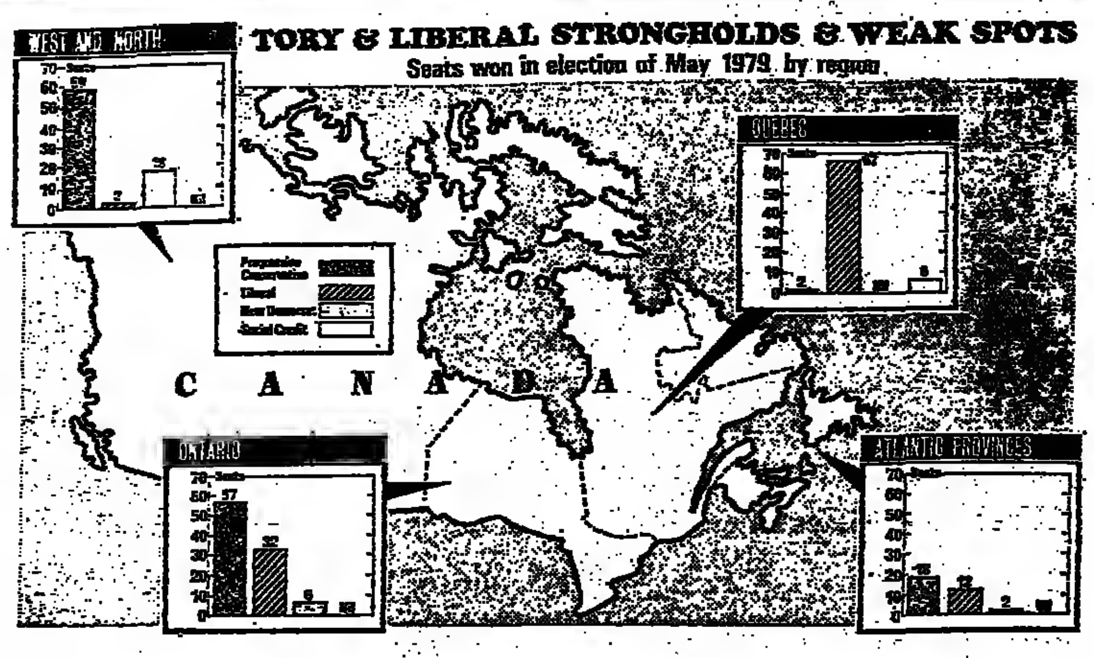
These were the main problems stated hy Mr. John Croshie, the Tories' Finance Minister, and though Parliament plainly disagreed with his prescribed cures, there was less reason to quarrel with his description of the malady.

Higher world energy prices ought to be a pretty unmixed blessing for Canada, a country which imports some oil—currently around 150,000 barrels a day or 10 per cent of its needs—but which with hydro-electricity and natural gas included is an overall net exporter. The higher prices are certainly good for Alberta, which produces 85 per cent of the country's oil and gas, and for the national trade halance. One of the last acts of the Clark Government was to approve the national energy board's recommendation for the sale of 3.8 trillion (million million) cubic feet of gas to the U.S. — worth even today C$15.5hn, and more as it is progressively exported.

But the forecast is that, with Alberta pumping flat out its dwindling proven reserves of light and medium crude, Canadian oil imports may increase to as mucb as 500,000/600,000 b/d hy 1985. Unless, that is, Canada increases its controlled domestic oil price — increased by C$1 to C$14.75 a barrel on January 1 — mnch quicker to world levels, or a level at which it become profitable to extract new oil either from expensive processes like oil sands or distant and difficult regions like the Arctic or the Labrador coast.

Such an upward adjustment, particularly when the world OPEC prices are an ever-moving target, is bound to be painful. The outgoing Tory Government clearly meant it to be painful, in the interest of conservation, talking of $4 rise this year and a $4.50 rise per barrel in 1981. That pleased the Alberta producers but borrified Canadian consumers. The Tory bndget would have slapped an immediate 18 cents a gallon increase on petrol, bad it not fallen on precisely that proposal That lesson is not a pleasant one for whatever new government takes office on February 19, but It is a problem that has to be tackled.

David Buchan



No easy choice at the February poll

CANADIAN VOTERS face a hard choice at the general election on February 18 between a man, Joe Clark, wbo despite having heen Prime Minister since last May is still an undefined quantity to many of his countrymen, and Pierre Trudeau, now seeking a comeback bnt wbose 11 years as Prime Minister from 1968 to 1979 made him perhaps all too familiar a face to the electorate.

With over a month still to go in the current election campaign, it would be foolish to hazard at the result. Bnt one fear that many Canadians across the political spectrum share is that they will get another Government without a commanding majority in Parliament.

The fear is not unfounded. With Mr. Clark's Progressive Conservatives failing to make much of a mark in their brief spell in office, and with the Liberal Party, caugbt with its pants balf down hy its success last month in toppling the Clark Government and forced to draft Mr. Trudesn back as a stop-gap leader, Canada's tblrd party, the New Democrats, are hopeful of making fresh electoral inroads at the expense of both the bigger parties.

At the dissolution of the last parliament, the NDP had 27 seats, the Tories 136 and the Liberals 114, plus the tiny five-member Social Credit party, exclusively from Quebec and not expected to make any gains in the coming election. It was the NDP which drafted the motion of no confidence in the December budget which brought down the Clark Government, aod of all the party leaders, it was only tbe NDP's Mr. Ed Broadhent who seemed unequivocally pleased by a fresh election.

The prospect of another minority government is daunting, given the record of the Clark Goveroment whicb delayed calling Parliament into session as long as it decently conld, until last October, and then failed to get barely any legislation passed until its Social Credit allies deserted it on the budget.

Backlog

The suddan election has merely piled up the backlog of important policy decisions that need to be taken on the Federal hudget, tbe yawning current account deficit, energy, a new fighter aircraft for Canada's air force, and many other issues. These must also be set against a backdrop of continued wrangling between the Federal Government and the provinces, and most important of all, Mr. Rene Levesque's referendum this year on Quebec's future links with Englisb Canada.

Mr. Clark is boldly trying to turn this impression of disarray to advantage, asking the voters to give him an overall majority to fulfil the mandate of his victory in May 1979, so far frustrated hy the parliamentary "ohstructionism" of the opposition Liberal and NDP parties. Mr. Clark has aaid that if re-elected, be would call Parliament at the earliest possible date after the poll aod re-introduce exactly the budget on which he was defeated in December.

But not everyone is as sure as Mr. Clark of what that mandate was. Certainly, the resnlt of last May seemed to be a rejection, largely by English Canada of tired old faces in the Liberal Party in power for the previous 16 years and of Mr. Trudeau, in particular, in power for the last 11 of those years. Bored by the Quahec problem, and irritated by the Federal Government's efforts to make the federal administration bilingual, English-speaking Canadiana evidently saw no reason to sustain Mr. Trudeau any further.

His last Cabinet was, by all admissions, one of the weakest since the Second World War. Many of the more prominent Liberal figures, particularly English speakers like Mr. John Turner, bad left the Government discontented with wbat they felt was Mr. Trudeau'a overbearing style of leadership.

Promise

But wbether Canadians also wanted a turn to the right was mnch less certain (in particular since both big parties extend from centre left to centre right). If the electors wanted less Government, it is likely they wanted it in the form of the $2bn tax cut which the Tories promised in the 1979 election campaign. Far from fulfilling this, probably unrealistic, promise, the Tory Government found It necessary to propose stiff indirect tax increases on petrol, alcobol and cigarettes, and a 5 per cent increase of corporation tax in its December budget, as a start to closing the gap in Federal revenues and redressing Government borrowing.

Mr. Clark's undertaking to introduce more discussion and less confrontation into the shaping of Federal policies and in Ottawa's relations with the provinces marked a change from Mr. Trudeau's more centralistic and personal style. It made sense for someone of Mr. Clark's newness to national politics to delay calling parliament, giving his party time to learn the ropes of government after almost 16 years in the political wilderness.

It was also a realistic acknowledgement of the relative shift in power from the Federal to the provincial governments, and of the freedom needed by the latter to deal with increasingly disparate problems. Unquestionahly, Mr. Clark was right, as the representation of a party based largely in English speaking Canada, not to launch bimself immediately ioto the beated issue of the Quehec referendum, bnt for the moment to stay on the sidelines and to bone up his French (whicb is now good) for tha day when he could play a more active role.

But on some key issues Mr. Clark has come to be criticised for doing too much discussing and too little deciding. Having committed Canada at the Tokyo summit last summer to raising its domestic prices for oil to world levels, Mr. Clark then became involved in a hitter interprovincial squabble between oil producers (like Alberta) and consumers (like Ontario), with the result that Canada goes into the new year with no agreement on oil pricing.

However, no one who has watched Mr. Clark in recent months would doubt his potential for learning from past mistakes, and his driving ambition to stay at the top of the greasy pole of politics now gives him one big advantaga over Mr. Trudeau. It was no secret that some Liberal power-brokers wanted to dump Mr. Trudeau even before the last election. Mr. Trudean's announcement in November that be would step down pleased many in the party, which set itself a leisurely timetable of choosing a new leader at a convention in March.

Alarmed by their surprise success in bringing the Tories down, and by the difficulty of selecting a new leader in the throes of a campaign, the Liberals decided to play safe—or so they thought—and stick with Mr. Trudeau. Mr. Trudean made very clear his deep reluctance in accepting his party's urgings to carry the flag through the next election, and his strong desire to return as soon as possible to private life and to give more time to the children of his broken marriage.

Thus, although the Liberals were given strong bope that they conld retake the citadel of power by a Gallup poll taken in November which gave them 47 per cent (as opposed to 28 per cent for the Tories and 23 per cent for the NDP), there is a big and unsettling question mark over the future leadership of the party.

The search for a successor therefore continues though some of the chief contenders, especially Mr. Turner and his successor as Minister of Finance, Mr. Donald Macdonald appear to bave ruled themselves out, at least for the moment.

Alternate

Before the Clark Government fell, Mr. Macdonald had looked like the best bet, in part because the leader's post traditionally alternates between anglophone and francopbone and a switch will probably be needed more than ever after Mr. Trudeau. Nevertheless the name of another former Finance Minister, Mr. Jean Chretien, was also mentioned as a possible Liberal leader.

Mr. Chretien, who does not hide his ambitions, claims he would be the front runner for the succession, were he not French. But even be does not minimise the task the Liberals face in rebuilding their position in West Canada, where in the four English-speaking provinces west of Ontario their strength is next to zero.

Given their overwhelming strength in Quebec, there is no reason for the Liberals not to stay a major party, at least as long as that province stays in the federation. But the NDP, which feels it stands to gain from Liberal disarray, may one day start treading on the Liberals' beels. While there is always the possibility that the NDP will get badly squeezed in a tight fight between the two big ones (as bappened in 1974), the NDP was delighted to have recorded its best performance ever in 1979, winning 18 per cent of the vote of over 2m. Mr. Broadbent, who since taking over in 1975 bas brought a number of bright, young social democrats into the party, such as Mr. Bob Rae, the NDP financial expert, feels his strategy of moving the party back more to the centre ground of Canadian politics is paying off.

The NDP now stresses economic growth policies as much as income redistributive programmes. In 1979 it made gains in Manitoba, British Columbia, and Saskatchewan (Alberta remains resolutely Tory), more than offsetting losses in Ontario. Where it has not made any inroads is in Quebec, because its natural catchment of social democrats are subsumed into the heart of Mr. Levesque's Parti Quebecois.

D.B.

Banks' foreign presence outstrips domestic role

CANADIAN BANKS are an exception to a rule. In contrast to the country's industry, much of which is dominated by foreign and principally U.S. interests, the leading chartered banks have assumed a size and influence not explained by the dimensions of their domestic economy.

Over the past year, this international role of Canadian banks has insulated them from problems at home. As interest rates have risen, margins have widened on foreign floating-rate lending. In the domestic arena, by contrast, banks have often been obliged to lend on a fixed-rate basis (on mortgages, for example) while funding themselves through deposits and Certificate of Deposit issues which are more sensitive to prevailing market rates.

In the case of banks with a strong international presence, the two have largely cancelled one another out. Toronto Dominion Bank is, together with Bank of Nova Scotia, traditionally the most committed to the international arena. Its president, Mr. Dick Thomson, says the chartered banks have on average between one-third and 40 per cent of their assets in foreign business and the balance helps to ensure a steady progression in earnings.

The odd man out among the five major banks is Canadian Imperial Bank of Commerce, which has always been more firmly bedded in domestic operations. Significantly, Commerce showed a growth of only 4 per cent in net operating income last year, well below average and comparing with a 24 per cent increase at Toronto-Dominion.

Mr. Don Fullerton, president of Commerce, accepts that the strong domestic base proved disadvantageous in the past year. He says that, as the largest retail bank in Canada, Commerce has been vulnerable to soaring costs. As a result it has adopted a strategy of consolidation and in the last financial year opened 30 branches and closed 46. While trying to retain its position as a consumer bank at home, Commerce is pressing ahead with its international business, where Mr. Fullerton claims to be gaining a market share. International factoring, for example, is an area in which Commerce is about to make a significant push.

Prospects

The five leading banks pushed their combined net operating income above C$1bn for the first time last year and, when asked about the prospects for 1980, bank chiefs are apt to smile contentedly. Consumer lending is tailing off slightly but corporate and international demand remains strong.

One slight depressant this year will be the virtual closure of a tax device through which banks were able to substitute fixed term preferred shares carrying advantageous tax treatment for regular commercial loans. The loophole was plugged in November 1978 but so many issues were already in the pipeline that last year still saw a significant benefit. The result was that all chartered banks showed either lower or virtually static pre-tax income for 1979, boosting their earnings through tax write-offs.

Another negative factor could be a higher level of loan loss provisions. With the exception of Bank of Montreal, all the leading institutions recorded roughly stable provisions last year, but a recession in 1980 could change the picture. Internationally, Iran poses a question-mark, but bankers profess to be little concerned, particularly as payments are still being made. Mr. Thomson does not deny that his bank's exposure to that country is between C$100m and C$125m, not too significant in terms of the group's overall assets. Offsetting this threat is the growth of Canadian bank operations in the potentially lucrative U.S. market. Overall, a rise in earnings of between 10 and 15 per cent for the system seems likely this year.

The five major banks will have to contend with a new competitor this year. The two leading francophone banks, Banque Provinciale du Canada and Banque Canadienne, have merged to form the National Canadian Bank.

The merger, which dates from November last year, produces a bank with assets of around $C15bn. This makes it larger than Caisse populaire Desjardins credit union, which has become increasingly involved in retail banking.

The assets of the two banks had been growing slowly in recent years and last year's profit performance was sluggish when set against the five larger banks. The object of the merger is to promote a national and international presence, as well as to improve profitability through rationalisation of retail services. Between 100 and 300 branches mainly in Quebec will be eliminated over the next couple of years.

Over the longer-term, a development which could have a significant impact on the chartered banks is the revision of the 1967 Bank Act and, in particular, its provisions for foreign banks. The Act is subject to review every 10 years, but the latest revision has dragged on and two successive extensions of the 1967 Act have been necessary. The dissolution of Parliament in December will almost certainly make a third extension beyond March 31 necessary.

Umbrella

In its present form the new Bill would put foreign banks in Canada on a similar footing to the existing chartered institutions. Banking is designated as an area of Federal responsibility under the British North America Act of 1867 and bringing foreign institutions under the banking umbrella will simplify supervision of the system and encourage domestic competition.

Until now, subsidiaries of foreign banks have been gathered together under the acronym NBFI (non-bank financial institutions) and have not been entitled to describe themselves as banks. By adopting the new status, the banks hope to enhance their prestige and pick up more business. In return, they will be obliged to deposit minimum reserves with the Bank of Canada on domestic liabilities of up to one year.

Exemption from reserve requirements currently gives the 35 foreign near-banks an advantage of around 20 base points on commercial lending spreads (according to foreign bankers) or around 60 points if you believe their Canadian counterparts. The reserve requirement is unlikely to hit the foreign bankers very hard, however, because of their limited short-term liabilities.

Mr. Bill Harris, chairman of Barclays Canada, estimates that only around 2 per cent of his bank's domestic liabilities have a maturity of up to one year. It is most unlikely that this structure will change significantly under the new Act. The foreign houses have been pressing chartered banks hard on commercial lending, where they now have around 12 per cent of the domestic market, according to the executive director of the Canadian Bankers' Association, Mr. Michael Harrison. Few are involved in retail banking, however, and this field will continue to be dominated by domestic institutions.

The revision will probably provoke an expansion in wholesale operations with foreign banks extending their services (to include foreign exchange or leasing, for example) and chasing commercial lending to medium-sized companies as well as export business.

This threat is causing some concern among the chartered banks, though their attitude to the new provisions has remained ambiguous. Mr. Thomson has been the most vigorous critic within the Canadian banking establishment. He foresees that U.S. companies, for example, will demand that their Canadian subsidiaries use the same bank as the parent, to the detriment of the chartered banks. He also maintains that Canada should not be opening its doors to U.S. banks when individual states south of the border impose restrictions on Canadian operations.

Other Canadian banks are more cautious. They are anxious that their overseas operations should not be inhibited by the impression of protectionism at home. They also point to aspects of the Bill which would prohibit headlong growth among foreign banks.

One provision is that the domestic assets of foreign banks as a whole should not exceed 8 per cent of all domestic assets within the banking system. Mr. W. A. Kennett, Inspector-General of Banks, estimates that the 8 per cent ceiling represents around C$12bn of domestic assets. The 35 institutions presently have Canadian assets of C$5.4bn, he calculates, so even if the green light were given to all the 15 or so banks waiting to come in, there is plenty of room for growth.

It is possible that Citicorp, with Bank of America the largest foreign operator in Canada, may decide to go it alone and decline enfranchisement as a bank. If so, the asset figure could be diminished by around C$1bn. Canadian bankers are less sure. Some believe that the asset figure is already higher than C$5.4bn and that it would grow rapidly. How the 8 per cent would be rationed, if the ceiling were reached, is still far from clear.

The Bill also defines a relationship between the domestic assets and authorised capital of individual banks. The Inspector-General must confirm any increase in authorised capital and is therefore in a position to control asset growth.

The Bill, as amended by parliamentary committees, has abandoned a draft proposal to restrict the number of branches of any bank to five. Any branch after the first will require Ministerial approval, however, and an amendment has been inserted to provide licensing of banks every three years. Mr. Kennett says this measure would be only applied in *extremis* and primarily as a stick to ensure reciprocity for Canadian banks abroad, notably in Japan, Switzerland and the state of Illinois.

Balance

The Bill provides a nice balance between welcoming foreign banks to the domestic fold and ensuring that they do not establish too powerful a base. By legislating similar terms of reference for domestic and foreign banks, it also makes life more difficult for the so-called "suitcase-bankers" who market services from hotel rooms and other transient locations, and restricts the activities of enfranchised banks within non-financial fields.

The Bill also contains provisions for domestic banking. It restricts the leasing, data-processing and securities operations of the chartered banks, for example. Generally, though, legislation has failed to attack the basic problem of domestic banking: what is banking? Since non-banking financial institutions fall within the jurisdiction of provincial authorities, the Federal Government must tread warily and has drawn back, for example, from defining banking in the Bill (though there is a definition pertaining to foreign banks).

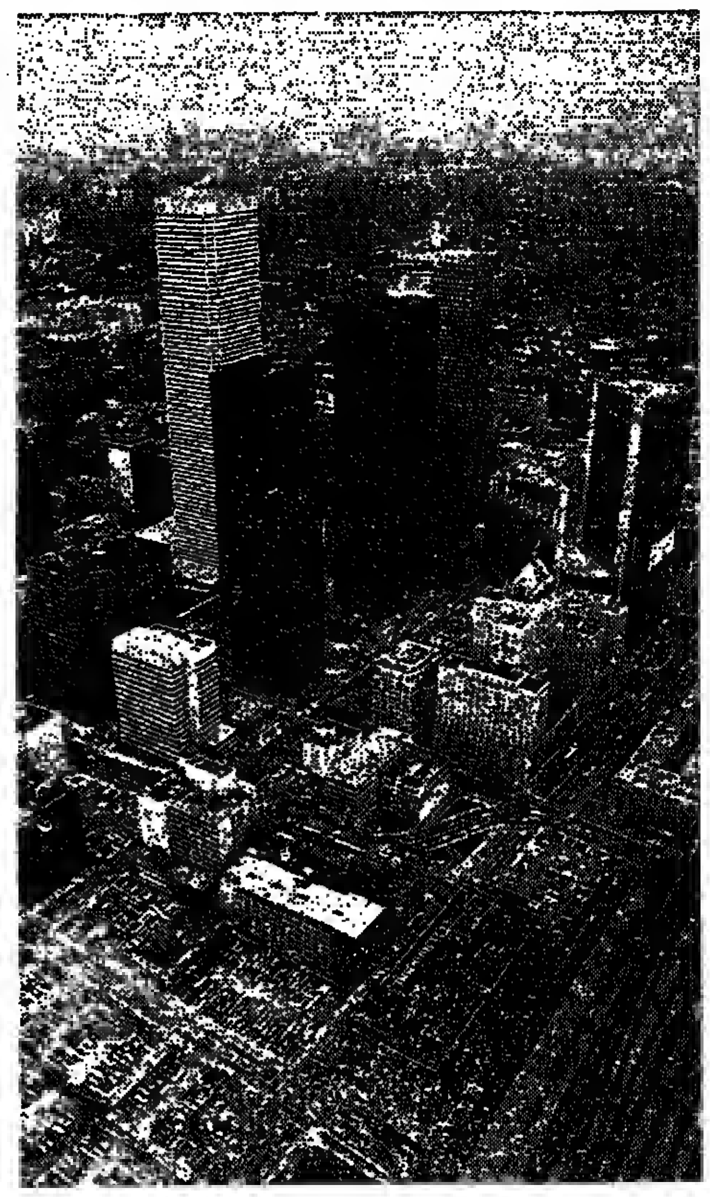
The Federal Government was also obliged to modify its proposal to establish a Canadian Payments Association, compulsorily linking all institutions through a giro network, because of opposition from provinces and provincial NBFIs—primarily trust companies and credit unions.

The banks are a little peeved at what they see as the preferential treatment, such as exemption from reserve requirements, afforded to institutions in direct competition with them on the retail side. Mr. Harrison points out that the total assets of credit unions and caisse populaires (the Quebec equivalent) have grown from C$1.8bn in December, 1967 to C$19.5bn in March last year. Over the same period, the share of domestic personal deposits lodged with the chartered banks has fallen nine percentage points to around 50 per cent.

Legislation is planned to stream deposit-accepting financial institutions into two sectors (retail/commercial and retail/fiduciary) but this seems some way off and is in any case threatened by the pending election.

While the election will almost certainly delay the overdue revision of the Bank Act, the delay is unlikely to bring about fundamental changes. A Liberal government was responsible for drafting the original version of the revision and, since few significant changes have been made, in committee, the Bill would probably have little difficulty in passing, whichever party were in power.

John Makinson



The business section of downtown Toronto, Ontario

CHARTERED BANK PERFORMANCE

BALANCE OF REVENUE

	PRE-TAX 1978-79 C$000	PRE-TAX Change from 1977-78 per cent	AFTER TAX 1978-79 C$000	AFTER TAX Change from 1977-78 per cent
Bank of British Columbia	8,655	−2	6,675	+27
Bank of Montreal	285,396	−2	228,696	+18
Bank of Nova Scotia	241,692	+1	180,892	+18
Canadian National*	4,078	−92	14,848	−50
Provincial of Canada*	13,750	−54	17,982	−5
Imperial of Commerce	239,001	−22	201,301	+4
Royal Bank	317,013	−12	270,713	+16
Toronto-Dominion	189,151	+2	160,351	+24

Discrepancies between pre-tax and after tax performances are in part explained by the termination of tax preference granted to fixed term preferred shares in bank portfolios.

The chartered banks' years of account run to October 31.

*The Canadian National and Provincial have merged as the National Bank effective November 1 last.

Industrial strategy hampered by conflicting forces

WHEN THE government of Joe Clark swept to power on a tide of westero conservatism last May, it promised a policy of free enterprise, non-interference in husiness and advocacy of foreign investment. As Mr. Ronald Huntingdon, Minister of State for Small Business and Industry, expressed it: "We didn't want to play God."

The Clark administration, until its defeat by a no-confidence motion, tried to practise what it preached but even most conservatives would accept that playing God is an imperative in Canadian industrial policy.

The reason is geographic. The country's entire aouthern frontier borders the U.S., which already dominates whole sectors of Canadian industry. The justifiable fear among Canadians is that an "open-door" industrial pollcy could make the country an economic satellite of its powerful neighbour.

The imbalance between the industrial muscla of the two North American nations is matched hy divergences within Canada itself. The second largest country ln tha world bas a population of only 23m, concentrated overwhelmingly in the eastern provinces of Ontario and Quebec. The bulk of its ahundant natural resources, however, is in the West. Any indnstrial policy must therefore accommodate this contrast by artificially redistributing wealth and industrial resources.

The Government is ahle to regulate outside investment through the Foreign Investment Review Ageocy (FIRA), set up hy Act of Parliameot in 1974. FIRA screens proposals for either the acquisition of control ln, or estahlishmeot of, a Canadian business by foreign parties. It also monitors the subsequent performance of approved deals.

The proposed investment must be of "significant benefit to Canada" in order to meet approval. Five criteria are cited: the effect oo economic activity in Canada (primarily employment), the degree of participation by Canadians, the effect on technological development and industrial efficiency with Canada, the impact on competitioo and compatihility with national pollcies.

Authorised

According to FIRA statistics, investments totalling C$4bn were authorised in the five years to March 1979, directly creating about 52,000 jobs. Abont half of the applications for acquisitions and two-thirds for new husinesses emanate from the U.S. and the overall rejection rate is low at around 8 per cent. This bas led to criticisms that FIRA is allowing too much foreign investment, particularly as the rejection rate is falling at a time when the weak Canadian dollar is encouraging higher level of applications.

The Conservative Government appears actively to be courting forelgn industrial investment, hut in practice its pollcy proved little different from that of its predecessor. Mr. Robert de Cotret, Minister of Industry, Trade and Commerce (and overseer of FIRA), says the Clark Government's position is less amhiguous. It is anxioua to protect Canadian interests in areas where they could be threatened, such as banking, communications and the media, while stimulating foreign involvement in other areas. There is little new in this approach.

FIRA bas recently been the subject of two government inquiries, the first looking into its efficiency and operating practices and the second examining its role and record. Neither is likely to produce dramatic changes and Mr. de Cotret says he would be very surprised if FIRA were dismantled.

Therefore, whoever wins the general election on February 18, Canadian governments are likely to continue screening foreign investments, just as they will be obliged occasionally to dangle carrots in order to encourage it. Tha latest example of this is Chrysler, which has requested both grants and Government-backed loans in return for prodncing small engines and light trucks in Canada.

Distaste

There is particular pressure on the Government in this case hecause hoth Ford and General Motors have been awarded grants in the past for bringing work to Canada. Mr. de Cotret denies that Canada is bailing Chrysler out, hut if a grant were awarded it would go further than any aid measures so far promised hy the U.S. for the loss-making motor giant.

There is undouhtedly some distaste for grants within the Government. Mr. Michael Wilson, Minister of State for Interoational Trade, says: "Personally, I would lika to see us get right out of the area of grants, except for depressed areas." Chrysler, bowever, could provide a quid pro quo which is much in favour with the Conservatives. In return for financial assistance, Chrysler is being asked to award a world product mandate for the engines and trucks which it builds in Canada. Mr. Wilson says be is negotiating with several foreign companies on this hasis.

The Government is also examining the possibility of "duty remission" for foreign companies. If companies made commitments to export from Canada, they could be granted remission on import duties. Some scheme was originally planned for the first half of this year, but the forthcoming election bas placed it ln doubt.

Tbe same sligbtly ambivalent stance applies to industrial development within Canada. The development of oil and gas reserves in Alberta has emphasised the disparity between the wealth of dlfferent areas of Canada to the extent that last year the beavily-Industrialised province of Ontario was tecbnically eligible for federal financial support. In Novemher last year, the unemployment rate in Alberta was 7.3 per cent, balf that in Newfoundland.

Government policy empbasises tha creation of an infrastructure which makes industrial development possible in the depressed regions. The Department of Regional Economic Expansion, for example, spends only about one-fifth of its budget on industrial incentives, the hulk of the remainder going on projects such as roads, docks and schools. However, the department is able to meet ahout 30 per cent of the capital costs of an eligihle industrial project, with the same programmes applying to domestic and foreign investment.

Most of the new industry in tha depressed regions is in the areas of resources or resource-processing. Mr. de Cotret accepts that this is likely to remain the norm for the time being. He also says he will keep tariffs and quotas which the Liberals introduced to protect the Quebec shoe and textile Industries, so long as he is satisfied that the measures are promoting rationalisation and modernisation.

Nonetheless, in at least one area the Cooservative Government adopted an unequivocal free-enterprise policy. Using the inelegant banner "privatisation," the Clark administration embarked on a policy of selling off Government stakes in companies. There are, at the last count, 407 of these "crown corporations," though this figure incindes 137 subsidaries of the Canadian Development Corporation and numerous other indirect holdings.

Before the impending election held up matters a three-stage procedure was envisaged with the Minister responsible examining the desirability of a sale and then referring the matter to a Cabinet committee; the method df sale would be examined subsequently by the Government and an outside financial consultant (investment bankers A. E. Ames); and, finally, negotiations for a sale to the pnblic or a corporation were to be initiated.

So far, five companies have reached stage two of the process. Much the most controversial sale so far considered, however, is that of Petrocan, the State oil company. According to Mr. Sinclair Stevens, President of the Treasury Board, the company's net worth is abont $2bn. Canadian National, another Crown corporation, mainly in the railway husiness, is worth a similar amount hut has not yet heen scheduled for privatisation.

Mr. Stevens says he is not looking for foreign participation in tbese companies, and that it would be out of the questioo in the case of Petrocan. Nooe the less, the programme has aroused considerable opposition and would almost certainly be scrapped if the Liberals returned to power.

Trodden

Privatisation may be the most original feature of Conservative Industrial policy, but the overall strategy is in many respects following a path well trodden hy the Liberals. The goals of import substitution and vertical integration of the economy remain central to Government policy. Similarly, the Conservatives place great emphasis on research and development, which currently accounts for a lowly 0.9 per cent of GNP. The target is to reach the U.S. level of 2.4 per cent.

This will be difficult since tbe Canadian economy is largely-resource based (and therefore requires a lower level of R & D), is to a great extent foreign-owned (so most R & D is performed elsewhere) and has only a small domestic market in which to cover its overhead.

Several tax schemes were considered hy the Clark Goveromant, including individual tax-relief for investment in high-risk areas.

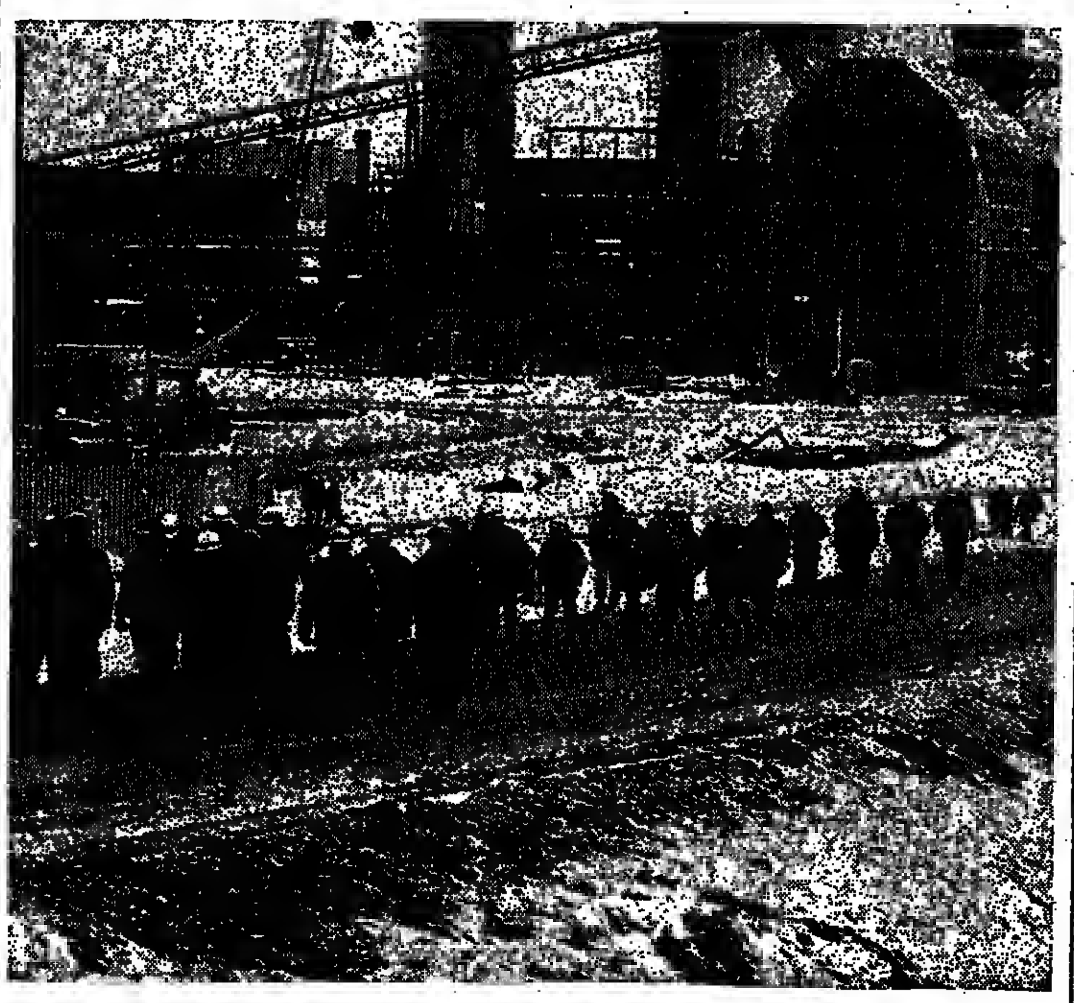
Yet Canada already has among the world's most geoerous tax inceotives for investment in research and development, so a supplementary pollcy prohahly will have to be adopted. The department of Scieoce and Technology is currently investigating areas where Canada could make use of its existing resources, such as petrochemicala, and develop skills where it would not be in direct competition with wealthier economies.

The Clark Government also followed lts predecessors in its munificence to small and medium-sized enterprises. Most new jobs are created in this domain, which helps to explain its importance. Guaranteed credit is available from the Federal Loan Development Bank and a tax-credit of up to 26 per cent is granted to companies with an accumulated surplus of under $750,000.

The success of these projects, however, will be greatly determined by the success with which Canada can organise its trading relationships with foreign partners—and the U.S. in particular. The "auto-pact" for free trade in automotive products with the U.S. is at present producing a deficit of about $4bn annually, for example, and Canada helieves it obtained a raw deal on petro-chemicals from the Tokyo round of GATT negotiations. Both these areas will have to be renegotiated in the near future.

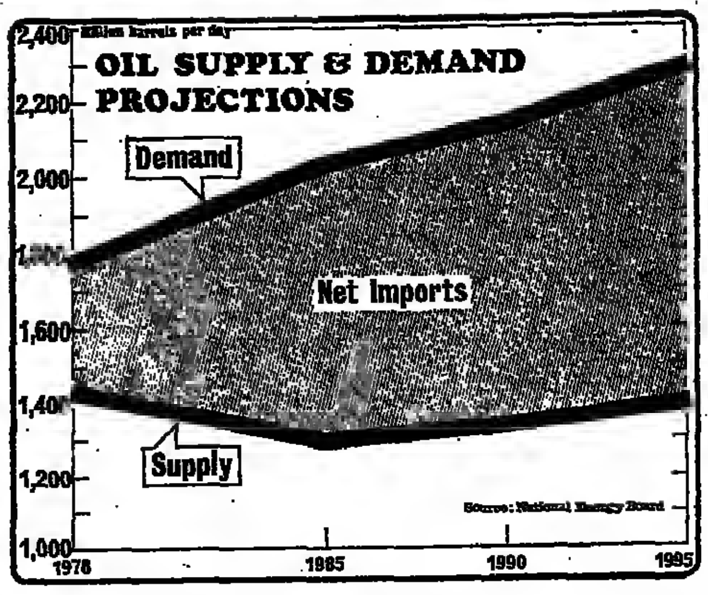
Canadians may have ontlived their former reputation as "hewers of wood and drawers of water" but the country remains a resource-based economy, a fact highlighted by the reserves still being opened up in Alberta. According to one of the country's leading industrialists, Mr. Conrad Black of the Argus Corporation: "The dream of Canada becoming a fully industrialised nation is farther from realisation now than it ever was."

John Makinson



Work shift leaving the plant area of Great Canadian Oil sands' refinery in Alberta

Clear outline of energy policy



THE DEFEAT of the Clark Government has thrown Canada's energy policy into temporary confusion, yet the outline of the policy Canada will follow into the 1980s has become clear.

Canadian oil and natural gas prices will be raised even closer to world levels. The country will try to maximise its abundant supply of natural gas in the short term and to turn to non-conventional and frontier sources of hydrocarbons in the longer. Increased efforts will be made to promote tha conservation of non-renewable energy resources while the development of renewable sources in the form of the remaining undeveloped hydo-electric aites may be speeded up to take advantage of export markets in the U.S. Policies will probably be shifted to give Canadian companies, which may include a national oil company, the edge over foreign-controlled entities.

Although Canada haa developed advanced nuclear technology and has huge untapped reserves of uranium, the future role of nuclear power is uncertain as the fundamental reassessment of nuclear technology that is taking place in North America holds up development of tha Canadian industry.

While the basic elements of the energy policy are clear, the last year has demonstrated just how eontentious the issuea have become. Mr. Joe Clark's seven-month Conservative Goveroment was defeated on an energy policy desigoed to reach Canadian oil self-sufficiency by 1990 through increased exploration for and development of Canadian energy supplies under the stimulus of an acceleration of the rise of oil and gas prices to world levels and through greater conservation enforced by the higher prices and by a 5.5 cents a litre excise tax on transportation fuels.

After several months of tough bargaining with the provinces, the Government had failed to reach an agreement on the rate by wbich oil prices should go up and Mr. John Croabie, the Finance Minister, announced in the Budget that the Federal Government would increase the price by C$4 a barrel in 1980, double the rate foreseen under Mr. Pierre Trudeau's Liberal regime. After 1980, they would go up by C$4.50 a year with the goal of reaching 85 per cent of the U.S. price in Chicago by 1985, a level that would leave Canadian industry with an edge over its U.S. competition but would produce cash flows to the industry large enough to promote an adequate level of investment in new sources.

Indeed, the jndgment of the Federal Government, concurred in by Alberta, the largest producing province, was that such an acceleration in the rate of price increase would result in too much money flowing into oil company treasuries. The Federal Government and Alberta planned to tax away a share of all incremental revenues beyond C$2 a barrel a year. This rate of price increase and tax structure would have resulted in a cash flow of C$90bn in the 1980-83 period, of wbich the producing provinces would bave received C$40bn, the companies C$33bn and the Federal Government C$17bn.

Vulnerable

The acceleration in prices would have also spared the Federal Government a financial crisis. Since the OPEC price increases in 1973, Canada has subaidised oil imports to bring foreign crude down to tha price of domestic crude. Canadian crude went to C$14.75 a barrel on January 1, about C$14 helow what Canada pays on average for imported crude. The cost of the compensation programme will be about C$2bn in 1980-81 —triple what it waa in fiscal 1978-79. Mr. Croahie, who is trying valiantly to bring down the budget deficit, can keep the cost of the compensation programme in line if domestic prices rise more quickly.

On December 11, in tha Budget, Mr. Crosbie had little choice but to adopt tough measures to promote energy self sufficiency. "As long as Canada is dependent on oil imports we shall be vulnerable. Recent events in the Middle East have underlined that point for us. We must protect ourselves from international oil politics. If we do not, despite the fact that we are one of the faw industrialised nations that bas this potential, our children and our children's children would be right to scorn us for the desperate straits we had left them in." And, he calculated, the Budget measures would reduce Canada's net demand for imported crude to 100m barrels a year in 1985, double current levels, bnt only half wbat it would be if tha Budget measures were not adopted.

Two days later the Government fell as the Opposltion seized on the nnpopularity of the excise tax increase and the other tax increases in the Budget aa grounds for defeating it. If the Conservatives are re-elected with a majority, the policy will be brought hack intact.

However, if tbe Liberals are returned to power, they will not impose the exciae tax increase on petrol and other transportation policies, and, although their policy for the last five years they were in power was to bring Canadian prices up to world levels, they are likely to iocrease prices by ooly C$2 a barrel in 1980 on the grounds that the economy, which is expected to show almost no growth thia year, cannot absorb a larger increase.

Pressure to hold prices down will be eveo greater if the socialist New Democratic Party holds the balance of power. Its position is that there ahould be no price increase this year and that the oil companies should get no increased revenue from future price increases.

One unpopular decision made by the Conservative Govarnment will not he reversed even if the Opposition wios the electioo. In early December, the National Eoergy Board, after extensive hearings on a number of applications to export natural gas to the U.S., recommended the approval of 3.75 trillion cubic feet of additional natural gas exports over the next seven years. The Govarnment, anxious to reduce Canada's trade deficit and to head off a slowdown in exploration, approved the exports. While they are not as generous as the iodustry asked for, they will enahle it to develop a portion of the gas it has discovered in an unprecedented exploration boom in Alberta and British Columbia in the past five years.

The export licences were also designed to promote the so-called pre-bullding of the southern end of the gas pipeline from Alaska to the main U.S. markets, leaving the northern end reaching to Alaska itself to be completed later. But the sponsors have said that their permits for exports from Canada may not be geoerous enough to make pre-building worthwhile.

The other energy development likely to go ahead late this year which will both increase natural gas demand and reduce Canada's dependence on imported oil is the extension of tbe existing natural gas pipeline system eastward from its eastern terminus in Montreal, and west across to Vancouver Islaod. The eastern extension will take natural gas, which will be priced at incentive levels, into the Quebec City area and other Quebec markets.

It may also be extended further east to the Maritime Provinces in the early 1980s.

Drilling

Gas finds off the Nova Scotia coast, under a drilling programme financed by Petro-canada, the national oil company, may however prove commercially exploitable and may serve eastern markets instead of Alberta gas.

Oil may also be brought ashore in Newfoundland in tbe early 1980s. There bas heen a promising find, wbich Petrocan was also behind, in fairly shallow waters off the Newfoundland coast this summer. The well will be stepped out this year.

Petrocan's success off the east coast and in the Arctic, where it has been involved in more than half the wells drilled in the last few years, may turn out to be a key factor in a hotly debated element of the energy debate in Canada. The Conservatives have long had fundamental doubts abont the need for a State-owned oil company in Canada and they came to power intending to turn it over to the private sector, most probably through a free distribution of its shares to the Canadian public. Polls indicate that three quarters of Canadians do not want tbe company made private and the party is now proposing that only half the company's shares be distributed free, leaving 20 per cent sold and a control block of 30 per cent held by the Governmeot. Neither of the opposition parties would let one share of Petrocan out of State bands.

While the energy policy debate has embroiled Canadian politicians for the last six months, the industry haa never been healthier, by any measure against which its performance can be evaluated. Cash flow and profits have soared to record levels, exploration has proceeded flat out, the large companies are planning their next round of tar sands and beavy oil development, and oil stocks have heen the strongest performers on Canadian stock exchanges. There are signs that the acrimony of the political debate may spill over to the industry as it did in the mid-1970s when activity slowed to a walk in the wake of a major battle between Ottawa and Alberta over taxation.

Dome Petroleum, for example, has said it will not expand its drilling fleet in the Beaufort Sea, an Arctic area east of Prudboe Bay in Alaska, because it lost a special depletion allowance in the Budget. Even so, short of an NDP victory, few in the industry expect a major alowdown, no matter wbo wins the general election and no matter wbat policy changea are made. Canada has too mucb at stake to kill its oil industry.

Jim Rusk

Stock markets surge ahead

CANADIAN stock markets had a vintage year in 1979. After a very good 1978, the Toronto composite index began the year at 1,316 and rose to a record 1,813 on the last day of December.

The price surge was matched by turoover which in Toronto almost doubled from the 1978 leval of C$10.4bn to C$18.7bn.

There were admittedly hiccups in between, notably a dive in October wbich clipped almost 300 points off the index in three weeks. Sioce then, however, fears of a recession imported from the U.S. bave been ontweigbed by enthusiasm for resource stocks and the losses have been more than recouped.

Although the Toronto Stock Exchange is overwhelmingly the largest in Canada, its composite index is far from aatisfactory as a benchmark of Canada's economic performance. It can take no account of the often prodigious subsidiaries of foreign corporations and is consequently heavily weighted towards resource stocks, which performed exceptionally well on all major exchanges last year.

Oil and gas stocks accounted for 22.9 per cent of the index weight by the end of October last year, witb metals and minerals making up 16.5 per cent. The rise in asset values and tha discovery of new resources, for example hydrocarbons in the Beaufort Sea, have strengthened prospects for the economy generally but have also distorted the performance of the index.

Takeover activity bas also provided an artificial momentum for the market. Among the most dramatic deals of the year was the purchase of a majority stake in Hudson's Bay Company by the Thomson family. Yet Mr. Ted Medland, president of Wood Gundy, the investment dealers, says that tbe activity has not been much greater than in New York and notes that bids have dwindled as the market has soared.

Optimistic

It would be foolhardy to forecast a bull phase extending over 1980 after the spectacular gains of the past two years, but Canadian hrokers are still fairly optimistic. Corporate profits, spurred by a falling currency together with the lifting of wage and price controls, have generally kept up with the onward march of share prices. Despite a significant slow-down in tha final quarter, corporate earnings are still likely to show a gain of about a quarter in 1979 over 1978.

The cheapness and availability of raw materials has helped roughly to double earnings in the chemical aector over 1979, while paper products and textiles have boosted profits for the same reason. This year is likely to be much more difficult and little growth in real earnings is expected.

Recession, particularly in tbe U.S., will slow down the Canadian economy in 1980 and export markets will be harder to penetrate, even with the Canadian dollar at around U.S. 85 cents.

Mr. Medland believes, however, that recession has already been discounted in the market. He also points out that significant investments are being made in, for example, the paper and steel industries, which should bear fruit when growtb rates pick up. Tbis view is supported by Dr. David Slater, director of the Economic Council of Canada, wbo expects that capacity limitations which exist now will be less severe in the early 1980s.

Some analysts believe that resource stocks still look attractive, despite their recent performance. Mr. Charles Loewen of stockbrokers Loewen, Ondaatse, McCutcbeon, points out that oil and gas sbares continue to trade at a substantial discount from asset valne, whereas 10 years ago they were selling at a premium. Prospects of further oil and gas price rises in the current year, coupled with tha discovery of new resources in both frontier regions and western Canada, provide a sound basis for optimism, Mr. Loewen believes.

Content

There are in any case technical reasons why the current market level could be at least maintained in the current year. Mr. Medland says that the market is by no means fully invested, with pension funds content to sit on the sidelines and earn high interest rates on short-term deposits, so a fall in rates could prompt some move into equities.

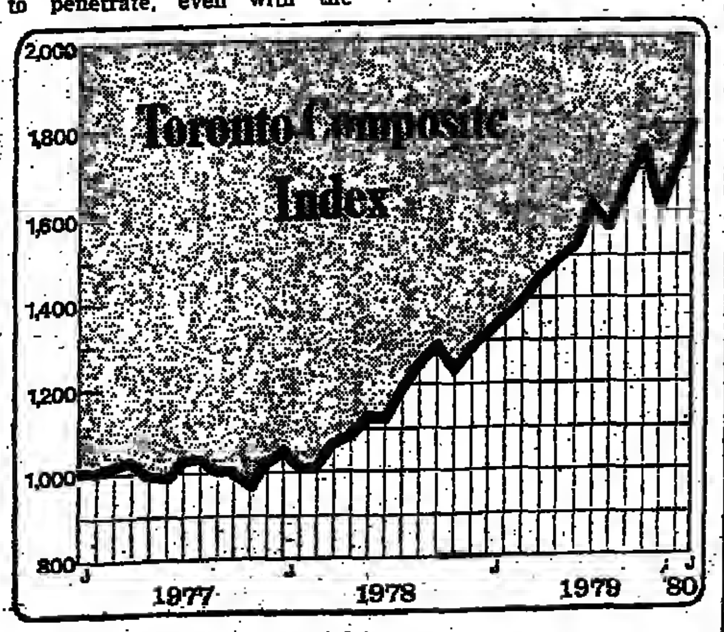
Further, over the past six years Canadian governments bave introduced a battery of measures to stimulate equity investmant by private individuals. Tbey include a bigber gross-up for dividends, mora liberal treatment of capital loss, and larger tax deferrals on savings plans.

The Conservative government's budget last month — whicb is on ice—continued the tradition by proposing deferral of capital gains tax on sbares purchased through a new "Common Stock Investment Plan" and lt is likely that, whichever party is returned in next month's election, a similar policy will be pursued.

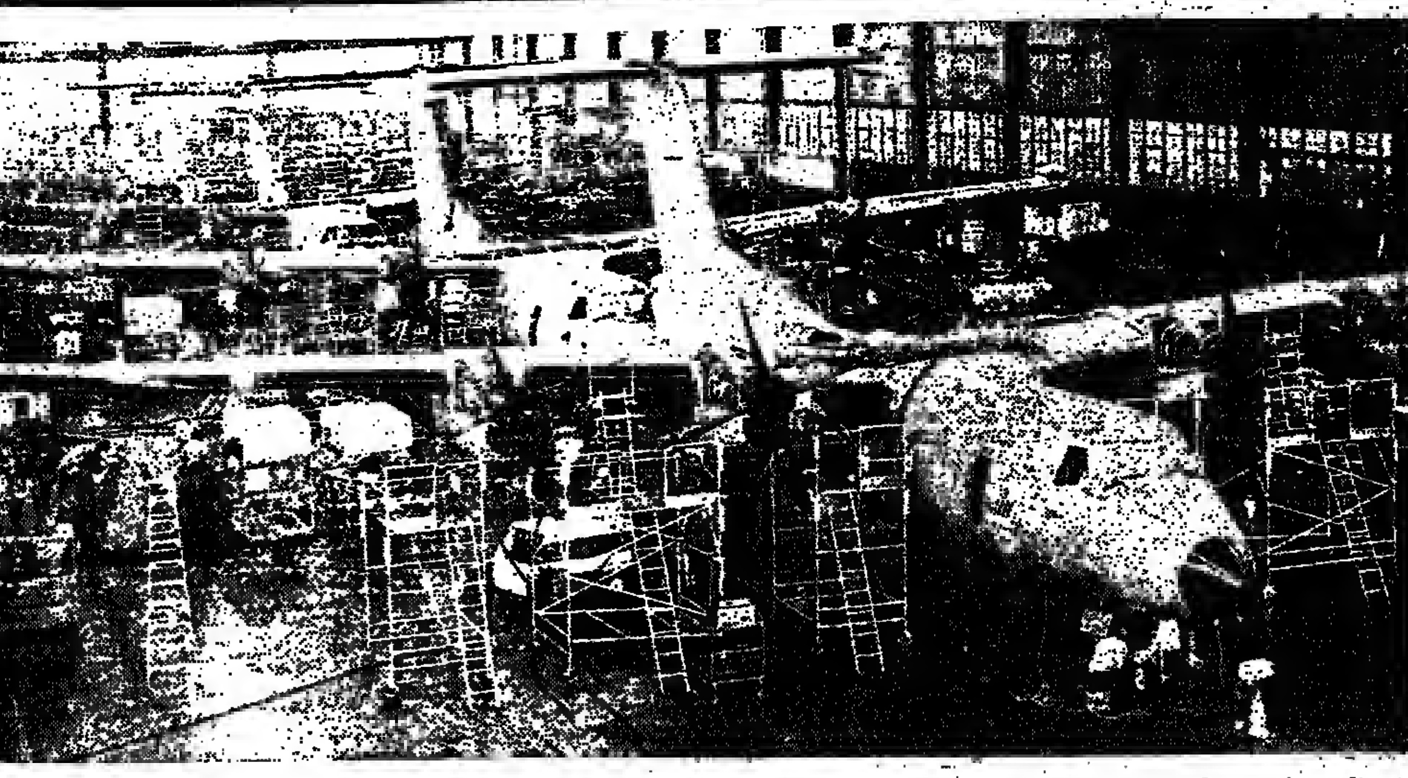
One of the remarkable features of the bullish stock market last year was that it coincided with a hear market in fixed-interest securities. The Canadian interest-rate structure is closely supervised by the Bank of Canada, which operates activaly in the market, and rates have been deliberately held above U.S. levels to prevent an outflow of funds and a deterioration of the already heavy balance of payments deficit.

Analysts helieve, however, that Canadian rates will fall in line with U.S. returns this year, which could lead to some narrowing in the reverse yield gap.

J.M.



CANADA VI



The de Havilland Dash 7 assembly line, where production is geared to rise from one to three aircraft a month, with the capability to go to four if needed.

Big orders rolling in for aircraft

THE PURCHASE of a new fighter aircraft for the Canadian Air Force has been placed in a holding position until after the Federal election on February 18, but the implications of the almost C$3bn in industrial benefits attached to the programme should ensure a bright future to an already thriving Canadian air industry throughout the 1980s. The long-awaited decision on the new aircraft, which has been under evaluation for more than two years, was expected to be made by the end of last year but was postponed after the defeat of the Conservative Government of Prime Minister Joe Clark last month.

The two contenders for the C$2.34bn (in 1977 Canadian dollars) contract are the General Dynamics single-engined F-16 and the McDonnell Douglas twin-engined F-18—involving 130 to 150 aircraft. Both companies, competing intensely, are offering lucrative industrial benefits, including direct investments, technology transfer and the placing of new product development and production in Canada, should their aircraft be chosen. Most of the work will be placed with the Canadian aircraft industry, which is already going flat ont with programmes developed on its own initiative over the past few years in the civil aviation field. The orders for Canadian-designed and built civil aircraft are pouring in as never before, with the whole industry engaged in direct manufacturing or sub-contracting, many with major U.S. aircraft component work, right across the country.

Projections

The outlook is for continuing good times. The 103-member Air Industries Association of Canada estimates that industry sales in 1979 will have reached $1.5bn, up 36 per cent on 1978, of which more than 80 per cent will have been exports. At 39,000 at year-end employment compares with 28,900 at the end of 1977 when the wheel began to turn in favour of the industry following the announcement of new civil aircraft production bolstered by the offset work from the C$1bn purchase of Aurora patrol aircraft from Lockheed. Projections call for sales of C$2.8bn by 1985 and a work-force of 56,000 under the blossoming effect of the new fighter industrial offset programme.

However, the main focus of attention at the moment is on production of two new civil aircraft, which has been a major stimulant for the entire industry—Canadair's new Challenger business jet and de Havilland of Canada's new DHC-7—Dash 7—STOL commuter airliner. The Challenger, the first of the wide-bodied executive aircraft, has an astonishing sales success. Canadair has orders for 125 of the new aircraft and is currently negotiating actively on about 20 more. The Dash 7, pushed into the background by initial slow sales and the strong spurt out of the starting gate by the Challenger, has since come forward with a rush and is beginning to close the gap. The relaxation of commuter airline regulations in the U.S. which permitted the use of aircraft in these operations opened the door for the Dash 7. Ten U.S. commuter airlines have now ordered the aircraft.

Undiminished

De Havilland Canada now has orders and options for 79 Dash 7s, 41 of which were placed in the past year when the aircraft was selling at the rate of more than three a month. At the same time, the world-wide demand for the company's popular Twin Otter continued undiminished as orders last year totalled 71 to bring the Twin Otter order book to 711 since it began flying in 1965.

De Havilland, part of the Hawker Siddeley group before it was purchased by the Federal Government in 1974 as was Canadair from General Dynamics, set a sales record in December when it announced orders totalling C$70m for both the Dash 7 and Twin Otter—a sum equal to the company's total sales during the whole of 1975.

To keep pace with this growth De Havilland has embarked on a C$23m expansion programme to raise the production rate of both aircraft. Twin Otter production will go to seven from four a month and the Dash 7 rate to three from the present one a month, with the capability to go to four a month when necessary.

De Havilland, however, is not resting on these laurels, and has also launched a design and development programme on a third aircraft, the DHC-8, a 30-32 seater aimed at the segment of the market between the 20-seat Twin Otter and the 50-seat Dash 7. The development schedule calls for the first flight late in 1982 and first delivery in early 1984. With a cruising speed of more than 300 mph, the DHC-8 is designed for feeder operations by smaller airlines to and from major hub airports, with the ability to convert to straight cargo or combined cargo/passenger operations. There are also plans to stretch the Dash 7 to 60 seats when the time and the market appears ready for a larger aircraft of this type.

De Havilland is also modifying its para-military Buffalo for the civil market, where it will be known as the Transporter. The civilian version is now undergoing type approval by the Federal Department of Transport. With its rear-loading ability, it is aimed at the resources development market, oil exploration and support, as a civil cargo aircraft with utility seating for 44 passengers. The military version of the aircraft is also being kept in production.

Meanwhile, Canadair's Challenger has now recovered from the setback it received last year when it encountered engine problems during flight trials which delayed completion of certification testing by three months. Company officials say these problems are now being overcome as the flight testing continues with four aircraft flying and production aircraft coming down the line. Certification is still expected by the end of next February, when the first aircraft delivery is scheduled.

The problems involved the Avco Lycoming ALF-502 engine which resulted from a series of test bed failures in the engine's reduction gear. No failures occurred during the flight testing. There were compressor stalls above 36,000 feet and a higher specific fuel consumption which will reduce the range of the early delivered aircraft but still meet the guaranteed range of flying nonstop from New York to Paris.

Canadair had hoped and planned to complete flight testing and gain certification by the end of November last but the corrections being made on the engines pushed the programme and first delivery into the first quarter of this year. In the flight trials the Challenger has been flown at Mach 0.94 at 47,500 feet.

In the past year Canadair also received a major contract to build 300 ship-sets of the after-fuselage of the new Boeing 767. The company announced too that it will re-open the production line for its CL-215 water bomber because of renewed demand for the utility aircraft. Another project is a stretched version of the Challenger.

All this has obliged the group to expand and it has started construction of a C$25m aircraft assembly plant at Dorval international airport, about three miles from its main operations at Ville St. Laurent in Montreal. The new facility will be used for the final assembly of the 31 ft 767 fuselage section and the CL-215. The main plant will be used for the final assembly of the Challenger and for component fabrication for the 767 shipsets and CL-215 and other Canadair programmes such as the CL-89, CL-289 and CL-227 surveillance drones, for parts and component work on the Canadian armed forces Aurora and U.S. Lockheed P-3 long-range patrol aircraft, as well as F-15 Eagle and Boeing 747SP component production under subcontract to McDonnell Douglas and Boeing.

With all these major civil programmes well under way and with subcontracting spreading to other Canadian companies, the question has been raised as to whether the industry will be able to digest the industrial offerings still to come from the new fighter project. Although the purchase has been delayed, both the contending companies are expected to continue to sweeten the offset pot right up to the final decision, now expected by May 1 next. Military priorities will come first in the selection.

The F-18 appears to have the edge because of its twin engines and the expected margin of safety these would provide in the case of an engine shutdown while patrolling the country's Arctic regions. But no clear-cut choice has yet emerged and the industrial offsets being offered will play a critical role in the decision.

Extra cash

In December McDonnell Douglas had proposed C$2.56bn in offsets plus an additional but still undefined amount which could take the total close to C$3bn. General Dynamics has proposed C$2.87bn in offsets. The McDonnell Douglas offer is made up of C$716m in airframe and component production in Canada including final assembly and testing; a C$545m offset credit allowed the company for placing a C$1.2bn subcontract with Litton Systems (Canada) for the inertial guidance system on the U.S. cruise missile; C$645m for the placing of KC-10 and DC-9 Super 80 wing production with its subsidiary McDonnell Douglas Canada; C$645m in direct purchases from Canadian industry.

General Dynamics is proposing C$490m for new manufacturing centres in Canada; C$93m in benefits from final assembly and testing; C$504m in marketing assistance for Canadian companies in export markets; C$1.2bn in direct investment and sales; C$594m in direct purchases from Canadian industry.

While the direct aircraft industry benefits of each offset programme will be concentrated in Ontario and Quebec, particularly around Toronto and Montreal, other general industrial benefits, both related and unrelated to the aircraft industry, will be available to selected companies across the country.

Ken Romain

U.S. newsprint demand keeps mills near full capacity

NEWSPRINT BECAME so tight in the U.S. market last year that publishers were buying not only from Scandinavian producers at premium prices, but also from South African, Italian and Japanese mills.

Not since the great commodity scramble of 1973-74 were supplies so tight, and this holds the key to the progress of the Canadian forest products industry in 1980.

Inventories in the hands of North American publishers and mills cover around 30 days, and it will take much of this year to rebuild them to tha normal 40 to 45 days.

Canadian newsprint is very competitive at tha present level of the Canadian dollar (just over 85 cents U.S.), and U.S. inventory-rebuilding will help to keep Canadian mills nperating around 95 per cent of capacity for most of this year, coupled with sustained demand. The recession in the U.S. has yet to bite serinusly into retail trade and newapaper advartising. However, the Canadian industry does believe some slackening in the market will develop in the fourth quarter.

The U.S. takes most of Canada's newaprint and lumber and almost all its surplus pulp. The forest prodncts industry is stretched from the Maritimes 4,000 miles to the West Coast and Vancouver Island. Its prodnction is a major factor in both Canadian GNP and exports, and the indnstry is the sole support of scores of small communities.

The lumber section, predominant in the West, began to be affected by the threat of U.S. recession by early autumn. Prices fell sharply as interest rates soared and with them mortgage rates, cutting into the pace of naw home construction.

But physical volumes of exports from Canada kept up quite well until the end of 1979 because U.S. housing did not fall back as much as expected and export markets elsewhere remained quite strong.

There is speculation abont how long the American recession will last and bow deeply it will be felt. But a majority in the industry fnresees a relatively short dnwnswing, recovery starting early in 1981. The lumber side usually feels the beneficial effects of an upawing quite swiftly.

More increases

Increases in newsprint and pulp prices have recently gone through, and another round is possible later in 1980 to recover rising costs, particularly of wages and energy. Exchange gains on U.S. sales have continued to provide a large proportion of the industry'a profits. The Canadian dollar could atrengthen later this year if the Federal election of February 18 and the subsequent referendum in Quebec settle some outstanding political uncertainties.

But generally the industry expects profits to reach a plateau after the strong gains nf 1979, with perhaps some pressures developing late in the year and in 1981. Costs are rising at around 10 per cent a year nn average now, and thia rate may increase as energy price rises work through. The pulp and paper uninns are working hard to achieve strong gains in wage bargaining.

Canada's newsprint capacity is rated as just over 10m tonnes yearly, rising this yaar to nearly 10.2m tonnas. While little new capacity is coming nn stream in 1980, there will be a jump tn well over 11m tonnes by the end of 1982, wben at least two new machines in the West will be in operation and some speed-ups have been arranged in the East.

Well over half the newsprint is prodnced in Qnebec and Ontario, while the Maritimea are well diversified in newsprint, pulps and linerboards. The West is more evenly balanced with construction lumber. Newsprint operating rates have ranged between 95 and 100 per cent for the past two years.

Forest products rank as perhaps Canada's most cyclical industry, and the ups and downs coincide with the course of the North American economy. The three most recent "troughs" occurred in in 1968, 1971 and in 1976-77. They severely tested the industry'a liquidity and forced it into larger units.

One consequence hss been much more caution in building new capacity, and a determination not to risk being caught in the next downswing with falling demand and prices and beavy debt loads from recent plant expansion. This has been in sharp contrast with '50s and '60s when tbe industry gained a reputation for over-expansion.

Capital costs for new facilities are rising sharply. A new nnemachine 150,000 tons newsprint mill planned for north-west Quebec in the next year or two will probably cost nearly C$300m. It is based on supplies of sawmill chips from one of the backers, Normick Perron, a major lumber producer. To pnt in a second machine, and gain maximum advantage of scale, would increase capital cost well over C$400m.

In the West, two companies controlled now by West German interests hava postponed pulp mill expansinns indefinitely because of rising construction costs. The programme would have coat C$250m.

Modernisation

A great deal is being done ln the East, where nlder plants are located, to modernise and speed up existing machinery, and install on-machine computer equipment to improve quality contrnl. The cost of changing the "wet end" to vertical forming, improving drying equipment, and changing electrical drives, runs to C$50m or more per machine. However, the incremental production can be sizeable as machine speeds are raised from 1,500 ft per minute to 2,500 ft or even 3,000 ft. Such speed-ups added about 100,000 tons of capacity in 1979. Another 100,000 tons should come in during 1980 and more than 100,000 tons in 1981.

The cyclical swings have brought some dramatic bids and counterbids for control of major Canadian-owned companies in the past year. There may be more if stock market prices drop later this year.

The Reed paper group of the UK has made a spectacular exit, with the sale of its Dryden mill in Ontario to the pulp and paper arm of the Canadian Pacific group. The problem was heavy capital spending to get the pulp mill up to prevailing eovironmental standards. The CP group has the financial muscle to carry this through. Reed retains its old but highly profitable newsprint mill in Quebec City, though there are rumours that a Canadian group may abortly bid.

There is little likelihood of the north-east Quebec dissolving pulp mill of ITT-Rayonier re-openiog for another 18 months or two years. ITT closed the C$365m mill early last year because of a labour crisis, technical problems and continuing heavy operating losses. Wood costs were a problem from the beginning.

Any resumption will require extensive Government help. Conversion to standard pulp or newsprint production wauld be too costly.

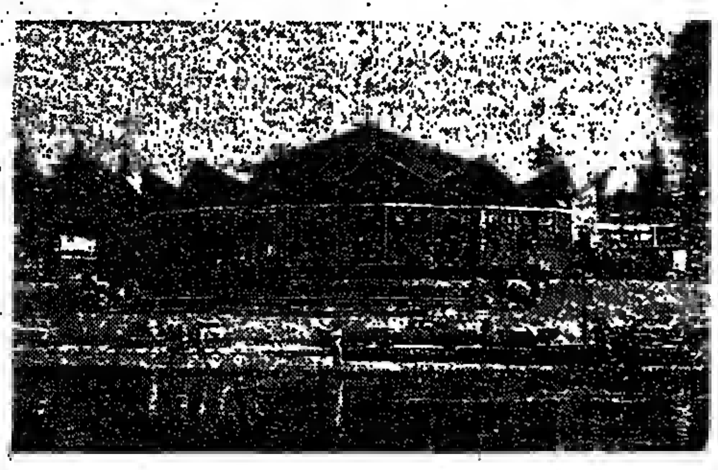
Though market pulp prices have been strong and demand high, the U.S. recession is expected to dent markets before long. Offshore markets may well help to offset a downswing. Fine papers had a good 1979, and if the Canadian dollar stays low, they should do quite well this year. Paperboard and packaging may be hit by the slowdown in the North American economy.

Robert Gibbens

Logs float down the Gatineau River from northern Quebec to paper mills at Hull, across the Ottawa River from the Canadian capital

The other Stratford challenges the world

"WHAT'S IN a name?" asked Juliet. Well, it is the names that bave given a small manufacturing town midway between Lake Huron, Lake Erie and Lake Ontario a Shakespeare Festival every summer that can challenge any other in the western world.



The Festival Theatre at Stratford, Ontario

In 1832, early settlers in what was then Upper Canada founded a village on a river called the Little Thames. The village was called Little Thames too. But then the Canada Company changed the river's name to the Avon; and what name could be more apt for this village than Stratford? The village prospered, became a little centre of industry, and the river was dammed so that in the park to the west of the town it became a small lake, Lake Victoria.

It was a local journalist, Tom Patterson, who in the early 1950s proposed that Canada's Stratford should live up to its Shakespearean name. How bold he was can be gauged from the fact that before the war there was not one fully established professional theatre company in English-speaking Canada. Theatres have sprung np since in many places, but to this day some of the main towns are either without a regular theatre, or are served by semi-professional companies.

Good sense

Tom Patterson visualised simple open-air prodnctions in the park, but the responsible committee bad the good sense to consult Tyrone Guthrie on the matter, and Sir Tyrone insisted on a closed-in house, even if it were nnly a tent. He also demanded an open stage.

The stage was built, the tent went up, and with Guthrie as director, Tanya Moiseiwitscb as designer, and Alec Guinness and Irene Worth in the leads, the first Stratford Shakespearean Festival was held in 1953. Of the 2,000-odd aeats at each performance of *Richard III* and *All's Well that Ends Well*, 98 per cent were aold.

That first season lasted for six weeks. Last year's season lasted for six months; and in addition to the original Festival Theatre, now a fine permanent building overlooking the lake, there ara also performances in the Avon, a more conventional bouse in the middle of the town, and in the Third Stage, a workshop theatre in the leisure centre in the park.

The present artistic director, Robin Phillips, does not follow the current trend against stars. He likes to bave stars at the head of bis productions. They attract audiences and they are an important influence on the comparatively inexperienced players in the smaller parts.

No one who saw her could forget Maggie Smith's spectacular Cleopatra in 1976, wiry and active, not a voluptuons odalisque but a mistress of self-interest. In the same season we saw the gurgling good-humour of her Millamant in *The Way of the World* (for Stratford does a good deal more than Shakespeare nowadays); in the following year, her dark, sinister Lady Macbeth, her Hippolyta and Titania in the Dream.

This imaginative nse of star players is almost unique to this theatre today. Two years ago, Brian Bedfnrd, not a noted Shakespearian, gave a Richard III that was beyond doubt the best I have seen; in tha same year he played (with Maggie Smith) the actnr in Molnar'a *The Guardsman*, with beautiful comedy. The following year he was an impressive Leontes in *A Winter's Tale*. Last year, Peter Ustinov gave a notable King Lear.

The genius behind it all is that of the young English artistic director, Robin Phillips; and though the Canadians flock to Stratford tn see what he has prepared for them, they dn not all approve of him.

Are there not, they ask, Canadian players capable of taking leads at English Canada's foremost theatre? Are there not indeed Canadians who might direct the theatre? I am sure there are. But the truth is that the presence of the British at Stratford (and there was a British director from 1953 until 1967, wben Michael Langham handed over tn the Canadian, Jean Gascon), has been a positive gain to the Canadian theatre in two ways. It gives its players a chance to act with, and to mix with, players of wider experience; and it enables the company to train young players in classic routines that few people in the North American continent have the facilities to teach.

Many of the younger players at Stratfnrd begin with very little experience. ("Come and give me an audition," Robin Phillips said to one applicant. "What's an andition?" asked the boy.) Last season the actor playing Richard II, Hotspur and Cassio had only been professionally on the stage since 1973. At Stratford they play only to the bighest standards of the classic English stage. In time, these young people will pass on the torch to their successors.

And they will pass it on in Canadian. No attempt is made to eliminate Canadlan or American accents, in which to my mind Shakespeare sounds as well as it does in the best standard English.

Of course there are already some fine Canadian actors, some of them known in London. William Hutt (who unexpectedly numbers Lady Bracknell among his parts) and Douglas Rain were both foundar members of the company and have been loyal to it ever since; and there is an actress, Martha Henry—not known in Britain, having in her day been turned down by the Royal Shakespeare Company—whom I wonld put amnng the four or five best actresses I know.

For the record, 76 out of 97 members of the 1979 company were Canadian. Eleven were British "resident aliens"; four were Americans; and there were six miscellaneous resident aliens. Five of the nine directors were Canadian, two were British resident aliens, ona Australian, and nne American. Five of the six composers were Canadlan.

Next season will probably be Mr. Phillips' last as artistic director. The plays to be produced bave already been annnunced. They will include Shakespeare's *Coriolanus*, *Twelfth Night*, *Henry V* and *Henry VI*. Other classics will be Chekhnv's *The Seagull*, Sheridan'a *The Rivals*, Vanbrugh's *The Relapse*, Goldoni's *The Servant of Two Masters* and O'Neill's *Long Day's Journey Into Night*. There will also be premieres of two new pieces by Canadlan writers, for Stratford keeps its eye on Canadian playwrights.

Light industry

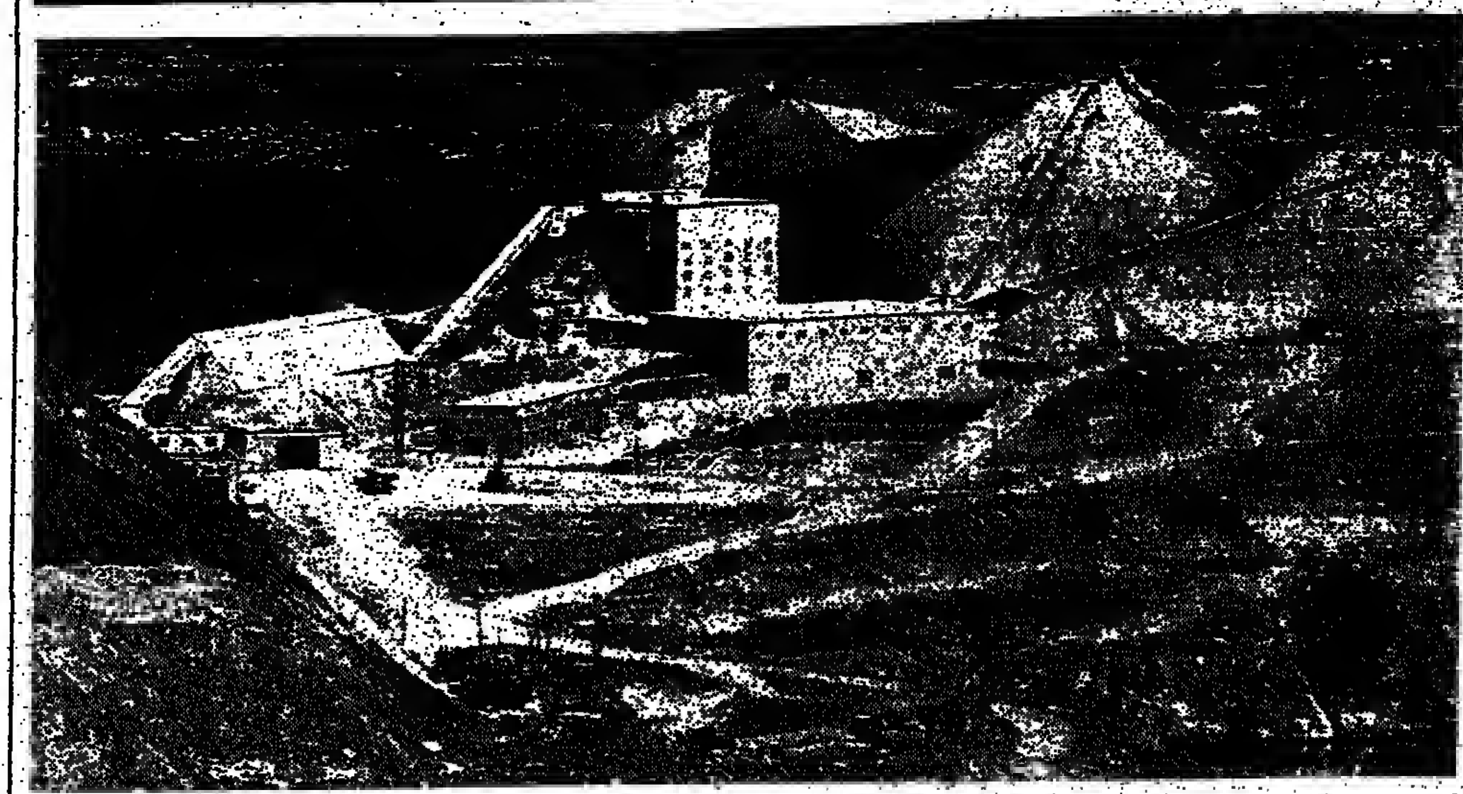
It is worth spending at least a week in Stratford at festival time. The town depends on light industry, particularly furniture; once there were the workshops of the Canadian National Railway, but they have gone. The industrial region is discreet, even attractive as industrial regions go, and well away from the quiet town centre.

There are many hotels, motels and restaurants, as befits a festival town.

The theatre, like a spiky coronet, stands at tha top of a grassy bank overlooking the park and the water. Productions are accompanied with appropriate ceremony; brass fanfares mark the time for audiences to take their seats in the raked semi-circular tiers. In the intervals, they stroll on the grass amid the beautifully-ordered flower-beds outside. The atmosphere is indeed truly festive.

Grateful citizens have renamed an island in Lake Victoria after the initiator of the festival, Tom Patterson.

B. A. Young



An asbestos mine in southern Quebec. Quebec produces almost half the free world's asbestos

Mining industry well placed to handle recession

CANADA'S HUGE mining and metals indnstry is moving into 1980 in fairly good sbape to weather any possible storms from world recession.

Canada is one of the world's largest international traders in mineral products, and cannot seal itself off from broad trends in demand and prices. Comparisons inevitably are being made with the world recession which followed the 1973-74 energy crisis and the quadrupling of oil prices. High inventories of major metals built up in the following years were not run down to normal levels in Canada until well into 1978.

However, the mining and metals industry bas just come through a year of unexpectedly strong demand and rising prices, particularly for copper and precious metals. Many producers bad expected the U.S. downturn tn have been felt by autumn of 1979, but demand and prices held up right till year-end. Commodity speculation, because of more turbulence in the currency markets, was an important reason.

Because of strong demand and prices most producers have bad a resurgence of profits, and bave been able to rebuild liquidity and start looking ahead to the markets of later in the decade. They do not foresee the U.S. recession lasting beyond tbe spring of 1981, nor a world recession on the scale of 1974-75. However, some slowdown is likely during 1980.

Major refiner

Inventories of most major metals, excepting perbaps zinc and iron, are extremely low. The big inventories of nickel and copper were worked down during long strikes at Inco, io Sudbury, Northern Ontario, and at the Gaspe copper mines division of Noranda Mines in north-eastern Quebec. Inco is a major producer of copper as well as nickel at Sudbury, while Noranda, besides being the second largest copper producer, is also the major refiner.

Higber prices bave encouraged new exploration in the Maritimes in the east, through the Canadian Sbield in northern Quebec and northern Ontario, and right up into the new uranium areas of northern Saskatchewan. Exploration is also very active in Alberta and British Columbia, and in many areas in the buge expanse of the North West Territories and the Yukon.

The search is for all major metals, especially gold and silver, and for uranium—though prices after allowing for inflation were declining in 1979 for the first time for several years. The huge coal reserves of Alberta and British Columbia are getting more attentioo, especially from some of the major oil companies wbich have embraced the concept of "total energy" operations.

Cominco, the main mining and metals arm of the Canadian Pacific group, has decided to go ahead with its Arvik zinc mine on Little Cornwallis Island in the Arctic islands at a cost of $150m. This high-grade property lies several bundred miles north-west of the smaller Manisivik Mine on North-west Baffin Island and will become Canada's most northerly mining operation. The concentrates are destined mainly for the European market.

Potash mining is gettiog under way on a major scale in New Brunswick, as the initiative has moved away from the big Saskatchewan deposits following recent provincial takeovers. Only a few years ago the mining industry was at loggerheads with several provincial governments and sometimes with the federal government on such issues as taxatinn, the environment and safety.

The climate bas chaoged radically in the past two years and for the better. Industry is talking again with governments and the role of mining and metals in the economy and in improving the country's balance of payments has been more widely accepted.

This bas occurred despite the Quebec Government's threatened expropriation of the Quebec assets of Asbestos Corporation, Canada's second largest fibre producer. The company is 54.6 per cent controlled by General Dynamics of the U.S. Legal action bas probably stalled this takeover for perhaps two years and beyond the next provincial election in Quebec.

The asbestos industry itself, more than 80 per cent concentrated in Quebec, foresees another year of strong demand with rising prices, especially for long fibres used in building materials.

Though a slowdown of demand and price increases seems likely for 1980, the Ministry of Energy Mines and Resources in Ottawa, forecasts annual growth of 2.5 per cent on average for the mining industry over the next five years, against 3.7 per cent on average from 1961 through 1978. Sucb growth, if it materialises, calls for major expansions of capacity and bundreds of millions of capital investment across the country.

The industry faces some formidable problems. Its costs will be directly affected by bigher energy prices. No matter wbich party succeeds in the February 18 federal election, it is assumed that Canadian energy prices will move up towards international levels, though remaining geared to average American prices.

Generally overall costs in mining, processing and refining are rising between 12 aod 15 per cent annually. Some major labour contracts have beeo signed in 1979, sucb as those at Inco and Noranda, but the danger of another wage spiral is real.

The rate of inflation in the consumer price index is now running around 10 per cent, and may rise another point or so if energy price increases come into effect later in the spring. The industry remains nervous about the impact of another wage spiral on the lines of 1974-75 on its ability to compete in tbe international markets, especially if a world economic slowdown does materialise.

Other problems include the current record bigh cost of short-term money, the difficulty of attracting sufficient skilled labour aod management talent, and the pressures for environmental and safety standards which would involve heavy capital investment.

The eovironmental issue has reached major proportions particularly in Ontario, first over nuclear waste and second over the emissions from Inco's Sudbury operations. Inco is blamed for part of the "acid rain" which falls on the Great Lakes area of North America.

Inquiry needed

The Clark Government, before it fell in December, promised a full parliamentary inquiry into the whole field of nuclear power generation, from uraninm mining to waste disposal. A major inquiry is needed urgently to clarify this aspect of tbe environmental issue.

Higher prices for most major metals have made it possible for smaller mining and exploration companies to get finance, and this is again helping the development efforts across the country. New gold and silver mining operations are planned or committed, both by large and small companies, in the East and the West. But major increments in base-metal capacity will not be coming in during 1980.

However, the coming slowdown in the world steel industry, particularly in the U.S., is likely to leave over-capacity in the iron ore mines, which are concentrated heavily in north-eastern Quebec and Labrador. Demand bas been rising for iron pellets and prices firmed recently, but generally the industry faces strongly rising costs of production in the face of slow markets. Molybdenum may also be affected.

Zinc is in a fair inventory position and some production cutbacks are being made. However, many companies mining zinc in major qnantities also have substantial quantities of silver and other metals in their ore.

Lead demand may well slacken in 1980. Tbe tremendous 1978 rise in cobalt price was oot repeated in 1979 and is not likely to occur again in 1980.

Uranium development continues on the Canadian Shield land in British Columbia, thongh the industry will not be able tn escape the environmental issue. The producing mines are bonked for several years ahead. European interests, particularly West German ones, are playing a strnng role in finance and marketing from several new mines projected for the next few years, especially in northern Saskatchewan. Hudson Bay Mining and Smelting (Anglo-American Corporation of South Africa) has taken effective control of tantalum mining in that area.

At the corporate level, Noranda Mines has taken action to assure control by the management group and its associates through a change in financial structure and elimination of heavy short-term debt. The bnild-up of a substantial bolding by the Brascan holding company of Toronto, itself controlled by the Peter and Edward Bronfman interests with the Patino mining family, prompted this move.

Robert Gibbens

CANADA IX

W. A. Wilson profiles the leaders of the country's three main political parties

Campaigning once again

PROFILE: Joe Clark

Mr. Joe Clark

TWO COMMENTS about Canada's Prime Minister Joe Clark made on the eve of the 1979 election go a long way towards explaining today's reservations about his chances in the new election. The first came from a distinguished retired public servant who had become a qualified supporter of Mr. Clark and the Tories. "If Joe gets the chance, he may develop into the best of our mediocre Prime Ministers and actually that's not bad. After 10 years of Trudeau'a intellect the people may like it." The other was from a provincial Premier who was asked if he thought Clark could handle the Prime Minister's job. His reply was "I know why you ask but actually the answer is yes for two reasons—he is intelligent and he can listen to other people"

For the first man's prophecy to have been fulfilled, the Prime Minister needed more time. Close observers during his brief tenure could see signs that he was developing a public personality to match his high office, notably far greater confidence and the loss of most of the signs of public nervousness that bad repelied many voters. Bnt Mr. Clark has always been more impressive in private than in public and seven months were too short for people at large to grasp the change that was occurring. If he bad had more years before facing the electorate again, his pnblic image might have been greatly altered.

As for the provincial *Premier's observation*, Mr. Clark's ebility to listen proved to be a liability because it led him to spend many weeks seeking resolution of a bitter controversy over Canadian oil prices. This involved the imposed views of Ontario's Premier William Davis and Alberta's Premier Peter Lougheed. Critics took it as a aign of irresolution and in the end Davis remained opposed to the C$4-a-barrel price increase agreed with Alberta.

Mr. Clark will have been Conservative leader for just *under five years when he faces* the electorate again on February 18. Until he captured the leadership all of his considerable political experience bad been in the party's back room, mainly working on organisation. It enabled him to unite the badly divided Conservative caucus in the House of Commons—except for two or three stubborn rebels—but it left bim unknown to the public at large and brought the damning "Joe Who?" He bad shed that before the last election but the recollection of it still haunts *him* in the *present contest. If* he wins, it will be the result of his determination and organisational skills. If be loses it will be that be never caught on with the public.

PROFILE: Pierre Trudeau

Mr. Pierre Trudeau

FEW PEOPLE in Canadian political circles donbt that Mr. Pierre Trudeau genuinely wanted to return to private life when he announced his intending retirement only a few weeks before contradicting himself by defeating the Government, thus forcing an election and staying on as Liberal leader.

The pressures of his broken marriage and responsibility for three young sons had weighed on him and Liberal insiders said freely that he had felt them particularly strongly after his estranged wife, Mrs. Margaret Trudeau, returned to Ottawa and took up residence near the family in a newly purchased house only a few minutes' walk away. Margaret's famous interview with Playgirl magazine, going into intimate details of her life, coupled with a particularly vulgar photograph of her taken in a New York night club, had particularly upset him.

Yet while the genuine nature of his feelings about his family duties is never questioned, the decision based on them lasted no longer than tbe first opportunity to defeat the Government. Few opera singers have changed their minds so quickly after a farewell concert tour. There is far less unanimity on why Trudeau so quickly reversed his decision than why he took it in the first place.

Trudeau genuinely views Joe Clark with contempt, convinced that he ia inadeqnate and even a danger to the netion. During his years of power the Liberal leader bad increasingly become the exponent of e strongly authoritative Federal Government superior to the provinces—which he freqnently found in discord over major issnes. Clark represented the opposing view that federal provincial relations in Canada must be based on patient efforts to secure co-operation between governments.

Clark was probably right in his decision not to intervene rigorously in Quebec's referendum campaign. Albertans do not have mnch to say in Quebec politics even if they hold the Prime Minister'a office, and may easily do more harm than good. But Trudeau viewed him with contempt for this decision too. There were two other apparent factors; Trudeau loves political power and he was under great pressure from influential party hawks to bring the Government down.

When he took the vital action he may have intended to stick to his retirement decision, letting the party choose a new leader during the campaign. But that is difficult in Canadian politics, especially within the Liberal position of big conventions and intensive leadership campaigns. In the event, it took only normal party pressures to change his mind.

PROFILE: Ed Broadbent

MR. ED BROADBENT, leader of the Leftish New Democratic Party (NDP), successfully conceals a major personal contradiction from the electorate. In private be invariably appears as the most reasonable of university professors turned politician. In public be ia strident, sometimes bombastic. His public qualities, however, make him an effective politician when he ia on the attack—which is most of the time. Before the previous election he ontclassed Mr. Joe Clark as an Opposition victor. Before the last one be left Mr. Pierre Trudeau trailing in political effectiveness.

Broadbent did more than Trudeau to damage Clark during the seven weeks the new Parliament sat. It was bis motion which brought the Government'a defeat—although, as he was not seeking an early election, he had refrained from wording it in terms that wonld compel the *Liberals to provide* their support.

Among the New Democrats, Broadbent is a middle-of-the-roed man, as far from the *extremes* of *the Left* as of *the* Right in that party. That is why be is leader.

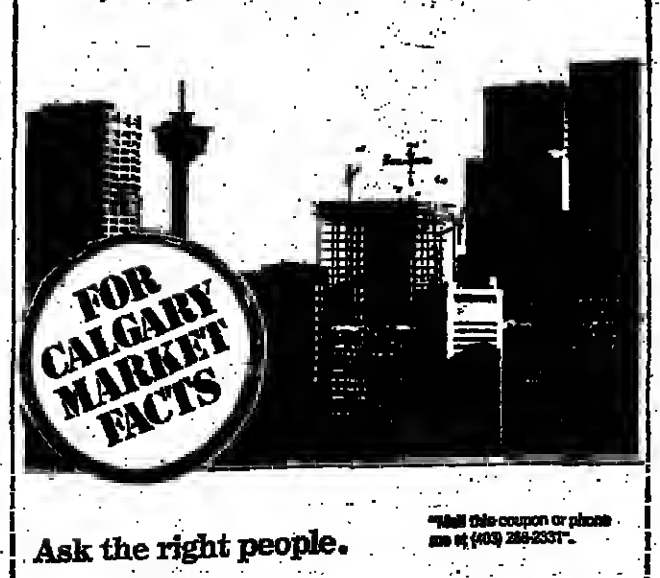
His predecessor was the strong and colourful Mr. David Lewis, as well known to most of the public as Trudean himself. Lewis had been defeated in the 1974 election which he bad forced over a Liberal budget which be thought did too little to stimulete the economy. The party was divided into factions when it held e leadership convention in 1975. Broadbent was the man in the middle—not sought by any of the strong factions but not unacceptable to them either. The convention chose him.

Following as be did a succession of colourful leaders be at first failed to make much impression in Parliament as the new party leader. But Mr. Robert Stanfield, respected but publicly ineffective, was still Leader of the Opposition. The new bead of the NDP learned to take edvantage of Stanfield's slowness in response and criticism.

Broadbent could be counted on to get to the television cameras quickly during any controversial issue in the House and deliver e strong crisp statement. When Clark succeeded Stanfield, Broadbent was able *to* keep it up, *leading* the *attack* on the ageing Liberal Government more effectively than the new leader of the Opposition.

His 1979 success was qualified. The party gained in the popular vote but lost seats in industrial areas of Ontario, despite unqualified electoral support from Mr. Dennis *McDermott*, newly *elected* heed of the Canadian Labour Congress. But McDermott is a controversial figure in Labour circles and Broadbent is considered by many union members to be too close to him, tied by the fact that he represents the car manuacturing city of Oshawa while McDermott was previously the *head* of the United Automobile Workers. This time recovery of support in industrial Ontario is vital to him.

Mr. Ed Broadbent



Promising offshore investment

IN AN uncharacteristic way, the Atlantic provinces have recently provided a small counter balance to the westward shift nf economic momentum in Canada. There bas been a remarkable resurgence of the fisbing industry and some successfnl offsbore oil and gas exploration activity, favoured by the low exchange rate. These have prodnced measurable gains in regional output, investment and incomes.

The inflationary effects of recurrent energy price increases and falling U.S. demand for resource products could stifle much of this growth io 1980. But any short term pessimism is more tban offset by rising expectations about the size of the Hibernia offshore oll find and bow aoon it may reduce eastern Canada's heavy reliance on imported oil.

The Newfoundland well is potentially as big as any in the North Sea. It is certainly among the single largest in North America and some optimists even believe it may turn out to he big by world standards. Two additional riga have heen rushed to the area and will work throughout the winter, despite fierce wind and sea conditions.

More was spent on offsbore exploration last year than the C$335m invested in the previous 15 years. Its impact is increasingly apparent, combined domestic product in tha region last year was an estimated C$14.25bn, with individual provincial growth ranging from Newfoundland's unusually high 7.2 per cent real growth, to Prince Edward Island's 1.9 per cent. Nova Scotia and New Brunswick, at 3.1 and 3.2 per cent respectively both exceeded the 2.8 per cent national average.

The nutlook this year is for the four provinces to do slightly better than the 0.7 per cent national growth forecast by the Conference Board in Canada. Individual provincial growth should range from 1 to 1.5 per cent.

Total oew investment in the region last year was C$3.97bn, with Newfoundland showing the stroogest gain. Disposable income rose by 11.5 per cent to C$12.4bn. Consumer spending advanced 15.6 per cent to C$6.4bn, aided by a sharp rise in deht.

Measured by Ontarlo's C$285 a week average Industrial wage, three of the four Atlantic provinces came closer than ever before to national wage parity. Newfoundland's industrial wage composite was only $8 less than Ontario's and one forecast suggests the province may actually nvertake Ontario this year.

As Newfoundland's industrial base is small and earning statistics are exaggerated by a few, high paying industries, that would not he representative on the entire economy. But it would illustrate the degree of change that has taken place in the Atlantic region in the past two or three, years.

Material improvements bave also markedly affected the way the region is perceived. Both internally and among some federal politicians. While Mr. Trudeau's Liberals never baulked at pumping large amounts of Federal financial aid into the region, their policies often seemed geared more to maintaining the region's ability to consume central Canadian goods and services than to expanding the local industrial base.

Far more went into unemployment insurance henefits than into development. and there was a reluctance to make structural changes in national fiscal policy to cater for the region.

Perhaps because he is from Newfoundland, Mr. Jobn Crosbie, Finance Minister in the short lived Clark Conservative Government, seemed much more aware of regional needs. One aspect of his hudget would have provided a 10-year tax incentive for industrial investment in the four Atlantic provinces and the neigbbouring Gaspe area of Quebec. To qualify, a company would bave had to invest a minimum of C$2m to gain generous, hut as yet unspecified, write-offa or tax credits for involvements in manufacturing, processing and resource extraction.

Bankruptcies

The incentives would have helped combat the negative effects of Canada's current higb interest policy. Mr. James McNiven, executive vice-president of the Atlantic Provinces Economic Council, ls particularly concerned at the way bankruptcies resulting from this policy may denude the reglon of lts small business sector, traditionally a big creator of wealth aod employment.

The Clark Government also showed itself receptive to other, regionally importanr development initiatives. It proposed tax credits fnr investors in inshnre fishing vessels construction and said it would implement tax and financing measures to encourage the re-establishment nf the Canadian deep sea shipping industry.

Since it waa scuttled in a sea of post war competition and bitter domestic lahour strife, there bas been virtually no Canadian registered, deepsea merchant fleet. While the coastal provinces certainly lost economically as a result of this sitnation, the country as a whole almost certainly henefited from 30 years of lower cost reliance on foreign carriers.

ATLANTIC PROVINCES

Since the early 1970s, however. the advantages have gradually been eroded both by inflation and the effects of flag discriminaticn. Recent estimates suggest that the imbalance in the Canadian offshore shipping account is now about C$3.4bn annually, making it a substantial portion of the overall service deficit. The Conservatives planned to encourage the re-emergence of a Canadian merchant marina by tax incentives; accelerated writa offs and deferrals, the waiving of some important dnties on re-flagged Canadian-owned ships, and a new scale of shipbuilding assistanca. This worried some exporters who expect freigbt rate increases to result. But the merchant marine proposal will undonbtedly be dusted off for the election on February 18.

Renewed political interest in Canadian shipping has so far only persuaded a few, mostly Quebec based companies, to convert their ships to higher cost Canadian registry. One of them is planning to inaugurate a trans-Atlantic container service this spring. Bnt most people see the hig opportunities for Canadian shipping in the bulk trades, principally those involved with Arctic resources.

Melville Shipping, a Montreal-based consortiom, has proposed the construction of np to 16 class 7 icebreaker liquefied natural gas carriers to transport some of the 13 trillion cubic feet of gas already discovered in the high Arctic. Markets in Western Europe and the United States are being considered. Such developments could revive plans for a hig LNG terminal and pipeline terminus at Lorneville, NB or on Nova Scotia'a Strait of Canso as well as providing orders for Atlantic Canadian shipyards.

Similar spin-offs will undoubtedly accrue from oil and gas exploration along the east coast. The stock market and provincial politicians have already concinded the Hibernia oil strike and the Sable Island gas find off Nova Scotia are commercial. All that is awaited is confirmation by the companies, principally Mohil, Gulf, Chevron Standard and Petro-Canada, that production is viahla.

In Newfoundland waters alone the number of support ships is expected to double. Finding crews for all 50 of them, however, will not be easy and despite provincial insistence on local manning, operators may be forced to reeruit in Europe.

Both in manpower and eovironmental terms the sudden growth of this activity had prodnced pressure ln another important marine industry, fisbing. The two have ao far managed to coexist. but soma people believe tensions are bound to increase.

Fishing is currently enjoying a major revival. In five years, aastern Canadian fish landings have risen 40 per cent to 1.38bn tonnes. Market value has increased by nearly 120 per cent, with only oil and gas in Canada having a greater price appreciation during the period. Total fish exports are up 160 per cent, the biggest increase being in Japan (512 per cent) and the EEC (173 per cent).

By any standard, the degree of improvement has been phenomenal. According to Mr. Harold Nickerson, president nf H. B. Nickerson and Sons, of North Sydney NS, the introduction in 1977 of a 200-mile offshore economic zone—popularly believed to be the reason for its success—has had only a marginal impact.

The North Sea herring fishing ban and the devalued Canadian dollar have been far more influential, he says. The beneficial results of the 200-mile limit have still to be felt, he says. They could result in fish rivalling wheat as a Canadian export commodity by 1985. Fish is already worth more than half the C$2bn offshore wheat sales and by 1985 fish exports are expected to be worth between C$2bn and C$2.7bn.

While market diversification is occuring, the trend recently has been for companies like Nickersons and their big majority held subsidiary, National Sea Products Ltd., to invest overseas, hoth in integrated fish companies and secondary processors. Nickersons has bought intn Britain and the United States and National has just gone into a joint venture deal in Australia. Their motivation has been both to expand local markets and to hedge against uncertainties in the Canadian resource scene.

Conflict over where inshore and offshnre fleets may fish, over the suggested introduction of freezer and factory freezer ships and disputes between provinces about the allocation of fish stocks bave all contributed to the unease.

Confidence

Despite this, a strong air of confidence exists and the industry has begun what undouhtedly will be a period of rapid expansion.

The same seems true of the region's mineral resources, despite international recessionary fears. New Brunswick has two potash mines under exploratory development.

About 40 per cent of Canada's lead-zinc-silver reserves, are in New Brunswick and have attracted interest particularly from Europe, in additional mining and smelting activity there.

Tests are continuing of a new snlphation roast zinc smelting process which could advance metal recovery and spur new investment, pushing New Brunswick's total mineral production well over its present C$350m annual valne.

Among other important regional economic developments, work is expected to start on a third production plant in Nova Scotia for Michelin Tires Canada.

Decisions are also pending on a C$100m cement plant for the Strait of Canso and a car assembly plant in the Halifax area by Fiat.

Lyndon Watkins

Referendum not the priority for a fragile society

PUBLIC ACTIONS must be rooted in puhlic realities and not simply in the prejudices of a few idealogues or closed groups, says MP Claude Ryan, the 54-year-old craggy-faced leader of the Qnebec Opposition Liberal Party for the past two years. Changes have been made too hriskly and superficially, be adds. "Since 1960 a lot of foolisb people have been calling themselves apostles."

Mr. Ryao is catching the mood of most Quebecois as 1980 begins, and that of course is why he is aaying it so forcefully io public. Quebec has matured since the early sixties and the "quiet revolution." Many bave questioned some of the social and economic consequences of the wrenching cbanges hrought about in the sixties and again in some areas by the present Government of Premier Levesque.

Nostalgia is as popular in Quebec as in any other part of Canada or North America. But it is not just nostalgia for an Olympic past. Nor can the cbange of mood be attributed just to the excesses of tbe government in language and social legislation.

Most people do not put the referendum at the top of their concerns, despite the continuing nervousness of the minority Aoglophones in Montreal. The younger Francopbones still dream of independence but they are less arrogant and less confident, seldom able to agree how it should be done or to what lengths Quabec sbould go. The Quebecois bave realised their society is not unusual or "special" in the broad buman sense, that it faces the same problems as the rest of North America and much of a turbulent world.

QUEBEC

Quebec's society is fragila despite the steady rise in average living standards in the past 15 years. There remain the prohlems of powerful uoion leaders challenging the authority of the Natiooal Assembly; lengtby strikes by public service workers without heed to the consequences even in the bospitals; contiouing inflation which robs those with the least power; and high unemployment in cities and countryside. The problems of nnfettered youth, extremely high abortion rates and a still rising rate of divorce also remain.

A young sportsman at Aylmer, Quebec, spends a cold winter's day fishing for pike through the frozen Ottawa River

The passing of special legislation by the independentist Parti Quebecois Government late last autumn to force public service workers back to the Montreal public transport system and to the hospitals and welfare offices made a deep impression. In some ways it was like a Labour Government in Britain forced to briog tha army out to work the docks and pass similar special legislation.

People ask what can be done when tha battalions of Quebec public-service workers, supported by the taxpayers' ability to work and pay, defy elected governments of whatever hue and devour the base of their electoral support. The Government'a apparent failure to solve such problems, despite the personal authority and popularity of Premier Levesque, and the pursuit of an even larger State sector by some members of tha Cabinet, have cost it four important by-elections.

Francophones, the polls bave shown cooclusively for nearly two years, do not regard separation from the rest of Canada as feasible or really desirable, and as an issue it does not preceda the perceived problams of Quebec's society and economy.

Tha proportion in favour of full separation remains a small core, and that was wby Mr. Levesque framed his question for the coming referendum in late spring thus: "Do you give us a mandate to negotiate sovereignty-association with the rest of Canada?" It is tha only question whicb stands a reasonable chance nf even a slim majority among Francopbones.

The French language charter was never a major issue for most Francophones, only for the business community which understands the economic realities of Montreal and the necessity of communicating in North America.

Opposition eases

Anglophone opposition has quietened as application of the law has been softened. Anglopbone head offices did move out to a major extent, and there bas been a probable net outflow of population from Quebec in the past three years of around 75,000.

But the fact is that Francopbones have advauced significantly in management and ownership of the key economy of Montreal. The Francophone universities of Quebec are now turning out more business graduates relatively than anywhere else in Canada.

Mr. Ryan has learned his trade as politician and opposition leader in the National Assembly swiftly. The former publisher of tha influential Montreal daily Le Devoir has put aside the excessive nuances of hia editorial past and has made a good impression as a debater. He has learned the old lesson that the best form of defence is attack.

He is now able to capitalise on the changing mood of the people and on dissatisfaction with Government social and economic policies. His craggy nose and jaw, ruddy complexion and wagging finger are a cartoonist's delight, but he comes over much better than expected in the televised Assembly debates.

He prepared carefully for the introduction last week of the Qnebec Liheral Party's constitutional proposals in opposiiion to the Parti Quehecois's platform of sovereignty-association. The timing before the coming Federal election on February 18 next gave sufficient opportunity to get them known among the general pnblic before the referendum.

They have been deliberately made more specific, showing where provincial powars could be increased while maintaining a strong Federal Governmeot. Polls have shown for the past year that the Government's concept of sovareignty-association is not clearly understood by the public.

Essentially the difference appears one of means—how to give Quebec more powers, in agreement with the nther provinces, while remaining in economic association with tha rest of Canada.

Quebec's econamy held up quite well in 1979, and the rate of activity in most aectors was better than 1978. The Government came out with a policy statement saying it realised that tha private sector must be the source of economic growth, but this bas not completely offset anxieties about the language law, the size of the public sector, high levels of taxation and the power of unions.

In 1980 real growth of less than one per cent is expected as the North American recession bites and rising energy prices work throngh.

Whoever is elected in Ottawa will almost certainly set about programmes to bolster investment in the Montreal area where confidence has been lagging tha most.

R.G.

A province determined to hold on to its wealth

ALBERTA HAS never had it so good. The extent to which its 2m inhabitants will get it better yet, and how quickly, depends on next month's Federal election and the events immediately following.

Occupying an area twice the size of Britain on the eastern slope of the Rockies, it is the boom province of a country which nationally is in political and economic disarray.

It supplies 77 per cent of Canada's net oil needs and, although conventional reserves are currently declining, if the *national goal of self-sufficiency* by 1990 is fulfilled, it will be Albertan oil which will have achieved it. The province is also *sitting* on a mountain of natural gas—so much that, despite a recent easing of export restrictions, wells already found and capped will not be tapped for several years. It has reserves of coal to last 300 years, *and immense hydro and forestry* resources which as yet have hardly been touched.

The Progressive Conservative provincial Government of Premier Peter Lougheed is awash with revenue from its oil and *gas royalties, growing* at a rate which is starting to prove embarrassing and on which the pressures are mounting for some form of national recycling.

Yet at the same time, Mr. Lougheed threatened Ottawa *earlier this winter* that unless Alberta was awarded a substantial increase in the price of its oil, bitterly opposed in the principal manufacturing areas in the East, it would go ahead and set its own. And that would precipitate a constitutional crisis, in that interprovincial trade lies under Federal jurisdiction.

Simmering

The crisis is still simmering following the collapse of the Federal Government of Mr. Joe Clark, whose own home lies a few miles south of Calgary, the nerve centre of Alberta's oil and gas boom. The expected agreement to add C$2 a barrel to the Alberta oil price on January 1 (when it was due anyway to rise by C$1 to C$14.75) with a further C$2 in June (another rise of C$1 then had also been scheduled) disappeared with the Clark Government.

The pressures for a substantial increase are still mounting, and with the new escalation in world prices even a C$4 a barrel increase now looks inadequate to comply with Mr. Lougheed's declared aim of pitching Alberta's oil price only slightly below that prevailing in tha U.S., which itself is due to be paying the world price by the end of this year.

Alberta *declares* that a big increase is needed to enable the oil industry te make the necessary huge new investments to deliver more oil. The Canadian Petroleum Association has warned that current production of 1.4m barrels a day could decline to 600,000 by 1990 if the status quo continues. A substantial rise in prices, it *argues, will allow* the introduction of enhanced recovery techniques to lift 50 per cent more oil from existing wells than current officially-stated total reserves of 5bn barrels, and ease tha path towards extracting "synthetic" oil from the estimated 1,000bn barrels locked in the vast, sticky tar sands of the central Athabasca region and the only slightly less problematical heavy oil deposits of tha Cold Lake and Peaca River areas.

ALBERTA

Some observers regard the CPA's estimate as deeply pessimistic and aimed, naturally, at increasing leverage on Ottawa. But in any case, by *1990 outut from* non-conventional sources, despite formidable technological burdles, could be moving quite quickly towards the 950,000 barrels a day which is thought to be possible by the mid-90s. For it is the non-conventional *reserves* which hold the key to Canadian self-sufficiency. Even if only one-fifth of these is eventually unlocked — the current most optimistic *forecast* — Canada'a long-term energy needs should be assured.

But the investment required for these projects is huge by any standard and the multinational oil companies involved, despite receiving the world price for current and planned extraction, are *still* hoping for a better break through revisions to complex Federal-provincial revenue and exploration regimes which have yet to be worked through. "We've got to have a *sensible*, overall policy; not the kind of piecemeal, plant-by-plant approach we've got at the moment," observes one of the oil company chiefs involved.

That has not stopped plans for such plants moving ahead, however. Syncrude's C$2.4bn Athabasca plant, despite many operating problems, is close to its rated output of 129,000 barrels a day after going on stream in *1978*, and a further 60,000 b/d capacity is likely to be added. Suncor's plant is producing 45,000 b/d and an extra 12,000 b/d capacity has been approved. The latest big *step forward is formal* approval by the Alberta Energy Conservation Board for a C$5bn, 140,000 b/d Athabasca plant to be built by the Alsands consortium, led by Shell.

Esso Resources Canada has a *similar-sized* project lined up to lift beavy oil from the Cold Lake region, and an assortment of other pilot projects are under way as the world price balance moves more decisively towards economic extraction.

These and other *projects*, notably Alberta's C$6.5bn section of the C$15bn Alaska gas pipeline, add up to potential capital expenditure on major projects of C$30bn or more over the next decade, with some projections predicting total capital spending of double that.

Not least, Alberta's fledgling petrochemicals industry, part of *Mr. Lougheed's grand design* to diversify and build added-valne into the economy, bas been taking off despite gloomy prognostications based on its distance from markets. The province's first world-scale ethylene cracker went on stream last autumn producing 1.2m lb of ethylena a year and already its owners, Alberta Gas Ethane, are planning to twin it.

While there is now something of a hiatus until the next round of projacts gets under way, the momentum of the boom of the past faw years is still pervading almost evary sector of the economy.

Edmonton, the capital, and Calgary between them are accounting for more than C$2bn in construction work this year. Red Deer, a quiet city of 30,000 at the start of the '70s—*it stands half-way* between the two main centres—has mushroomed spectacularly, almost doubling its area. The growth pattern is not much less hectic in other centres.

Institutions move in

Alberta's pivotal status in Canada's future is reflected also in an accelerating movement of financial institutions into Calgary. At the same time as Canada's own banking system *has been beefing up* its decision-making apparatus in the west, foreign institutions bave been setting up shop from the U.S., the UK and elsewhere in Europe.

The provincial Government has been using its financial muscla to considerable effect in promoting activity: it has halved provincial income tax on small businesses and, rather ambitiously, wants to repatriate corporate income tax from Ottawa to *swell* its armoury of incentives. It is deploying the money accumulating in its controversial Heritage Fund, set up to provide against the receding day when the oil runs out. *Fuelled by 30 per cent of* provincial energy royalties, it is approaching $6bn and will double, at least, in the next two or three years.

With it the Government bas been building airports and other infrastructure, providing improved baalth and recreation facilities and backing energy and other research projects.

The underlying goal is still diversification into a viable economy eventually not dependent on *oil*, inevitably a slow process for a primarily resources-based economy which is many years, if ever, from fulfilment. Thus it is keen to avoid a high drop-out rate.

Budget surplus

Despite all its activity, including a disbursement to mnnicipalities to cut their existing debt, the Government expects to end the year with a budgetary surplus of some C$700m, quite apart from the Heritage Fund.

Little wonder, then, that covetous eyes have been cast on the Fund from the East, where Ontario in particular bas been battling to persuade the Federal Government that oil prices *should* be kept *down* if unacceptabla damage to Canada's manufacturing base is not to be inflicted.

In fact, some, though not much, of the fund is already circulating in Caneda in loans to other provinces, and Alberta is prepared to go along with some form of national investment fund for long term energy projects.

What Mr. Lougheed is not prepared to do—a stand which was largely responsible for him almost sweeping the board in provincial elections last spring—is, in Albertan eyes, subsidise the East. It is a thorny political problem which will loom high on the list of problems to be tackled by whichever party assumes power on February 18.

In the meantime, Albertans at large enjoy the fruits of the boom. But it is not without its problems. The province is attracting 60,000 newcomers a year, and property prices in Calgary have become the country's highest. Unemployment is officially 4 per cent—half that elsewhere in Canada—but this is almost entirely among the unskilled, *for whom there is little* room in the province. Most companies report a shortage of skilled workers, competition for whom has pusbed np pay rates and helped fuel inflation now running near to 10 per cent.

As the next wave of development moves nearer, there can be little hope that any of these pressures will diminish.

John Griffiths

Migrants seek prairie oasis

IN CONTRAST to slumping national growth, Canada's three *prairie provinces remain an* oasis of prosperity in this sprawling country.

As a new decade opens, thousands of Canadians are migrating to the resonrce-rich prairies in aearch of jobs and high incomes. The "promised land" for most migrants is Alberta wbere real growth is likely to reach 5.2 per cent in 1980—the best performance in the nation. Trailing closaly will be Saskatcbewan with an expected 4.1 per cent growth rate, placing it second only to Alberta in the growth parade. And even Mamitoba—which has had its share of economic troubles lately—looks forward to a 1.7 per cent increase of its real domestic product, a pace of expansion *that* marginally exceeds the national projection af 1.5 per cent.

Saskatchewan's economy is based on potash, uranium and heavy oil, plus agriculture which is the foundation of the province's prosperity. As the largest grain-growing region in western Canada, Saskatchewan will be the main beneficiary of *slowly rising* international prices for wheat, feed cereals and oilseeds.

Poor deliveries

For the past couple of years, Saskatchewan farmers have lost considerable sums of money because deliveries have been held up by an inadequate grain *transportation system. They* are also concerned about ever-escalating farm production costs—which could increase by as much as 15 per cent in 1980.

But on the positive side, the federal and prairie governments are now taking significant steps to speed up the flow of Canadian grain to world markets. About 10,000 grain bopper cars are being added to the country's rail fleet and a $100m grain export terminal is to be built at Prince Rupert on the west coast. And as a consequence, prairie grain sales could increase 50 per cent to 30m tonnes annually by 1985, maintaining a high level of *well-being* for Saskatchewan farmers if they can keep ahead of inflating costs.

Besides having a stable agricultural industry, Saskatchewan *is reaping a lot of dollars* these days from potash which is used principally as an ingredient in fartiliser. The Potash Corporation of Saskatchewan—a provincial crown corporation which operates five potash mines—has recently announced plans for a $2.5bn expansion programme that will double the corporation's production by 1990. *Similarly, several private* potash mines in the province are also considering expansion in the near future to take advantage of the growing world demand.

SASKATCHEWAN AND MANITOBA

Saskatchewan may also be on tha verge of obtaining considerable economic benefits *from* the large urani[illegible] deposits in its north. Amok, a French-led consortium, is currently spending $150m on the first major uranium development in northern Saskatchewan—a mine *and mill at* Cluff Lake. This installation will go into operation in 1980.

Furthermore, environmental hearings will be held in 1980 on two more proposed uranium projects—a processing refinery at Warman and a mine at *Key* Lake which would be developed by a consortium that incindes *Uranerz of* West Germany and the Saskatchewan Mining Development Corporation.

Saskatchewan's other economic ace is its beavy oil deposits near the western border adjoining Alberta. This substance needs special processing before it can be used as refinery feedstock. A number of heavy *oil* pilot plants will go into test production this year—trying to find the best way to bring the deeply-buried pools to the surface. If these tests are ultimately successful, Saskatchewan's heavy oil fields may produce more than 16bn barrels in the years ahead.

All this resource activity is stimulating steady growth in the *province's two principal* cities, Regina and Saskatoon, each with a popolation of about 150,000. Saskatoon, for example, experienced a 52 per cent increase in retail trade over the past three years, as compared with 31 per cent for Canada as a whole. And on a province-wide basis, retail sales topped the $3bn mark in 1979 for the *first time in Saskatchewan* history.

Like Alberta, Saskatchewan is investing part of its resource revenue into a heritage fund that will exceed $720m by March 1980. But while the *Alberta* Government loans ont most of its beritage money, the Saskatchewan New Democratic (Socialist) administration is mainly using its fund to *buy* equity shares in resource industries.

The provincial Premier, Mr. Allan Blakeney, says present resource development is transforming his province into a "have" from a "have-not" region. "Our stick, though it will be small compared with Alberta, will be somewbat larger than it has been in the past. So we expect Saskatcbewan's voice to be heard more clearly," he says.

While its neighbours thrive, the third prairie province — *Manitoba — is still looking* for its place in the economic sun. With barely 1m. population, Manitoba lacks significant resources, except for its northern mineral mines and its abundant hydro power on the Nelson River. The mining industry is starting to pick up after a couple of years in the *doldrums*.

But unfortunately, Manitoba over-built hydro generating capacity in the early 1970s, with the result that a multi-billion dollar plan to build six Nelson *River* power plants was shut-down in mid-stream. The Nelson programme was one of the main linch-pins of Manitoba's prosperity and nothing of similar magnitude has come along to take its place. In addition Premier Sterling Lyon's Conservative Government — believing that free enterprise does things best — reduced public *investment* by $126m in 1977-78 after it had ousted the Socialist New Democrats from office.

This substantial cutback in hydro and other Government spending has left a lot of Manitob*ans with not much to do*, *prompting them to move* to greener pastures. In 1978, the province lost 10,000 citizens through inter-provincial migration and the exodus continued in 1979 as the out-migration figure bad reached 9,962 by October.

Net loss

Manitoba, in fact, is the only Canadian province or territory that is currently reporting a net *loss of population*. But on the other band, things are not too bad for Manitobans wbo are resisting tha urge to move. The province's budding manufacturing industries—buoyed by the lower-valued Canadian dollar—are substantially increasing their exports of a variety of products, ranging from garments and furniture to processed foods and aerospace instruments.

The 95 garment plants in Manitoba say they could immediately employ 1,000 more workers—but contend that no more workers are available. This is so because the province'a unemployment rate stands at 4.3 per cent of the labour force, the third *lowest* in Canada *after* Alberta and Saskatchewan. Altogether, the number of employed in the province has reached 459,000, or 12,000 more than a year ago.

Despite the good health of a few sectors, Manitoba's growth is likely to be minimal in 1980, as present higb interest rates are expected to stall any expansion by the numerous small companies in the province. But Mr. Lyon has said he will boost tha economy by loosening his Government's purchase strings in 1980. He will hava to *implement this promise if his* Conservatives are to stand a chance of being re-elected in 1981.

Roger Newman

The thrusting Pacific province

MR. WILLIAM BENNETT, Premier of the province of British Columbia, bas a whimsical boast that if B.C. and its oil-rich oeigbbour Alberta were somebow separated from the other eigbt Canadian provinces, the Canadian dollar would be worth only "39 U.S. cents and two Pepsi-Cola bottle caps."

Tbat observation tends of course to overstate the contribution made by B.C., Canada's Pacific province, to the Canadian confederation. But it does underscore the growing economic importance of the province. Tbe oational preoccupation with energy supplies is hastening the long-delayed recognition which the regioo is finally receiving from the political and husiness powers hunkered in ceotral Canada.

Growth of B.C.'s gross proviocial product in 1980 sbould be between 1.5 and 2 per cent—about half last year's rate—but agaio handily outstripping the national growth rate. Some economists think growth even could approacb 3 per cent if the U.S. confouods current predictions and pulls itself out of recession in tbe second half.

It is a year in which a lot of blind trust is heing placed on a profitable halance being struck between reduced volumes in areas of major resources production on the one hand and higher prices oo the other. A slight strengthening of the relatively weak Canadian dollar, in itself a major factor behind the recent record profits of the resources and tourism industries, could upset economists' guesses.

The forest industry, which accouots for 50 per cent of every dollar generated in the B.C. economy, now is well into a cyclical downturn in some key sectors. Lumber and plywood have heen hit worst by the decline in Canadian and U.S. housing construction, caused largely by the high level of mortgage rates, Canadian bousing starts have slumped one-third in four years, plywood prices have plummeted and mills are slashing production by balf.

The Industry will be receding, however, from what have heen very high sales levels producing substantial profits ln the two previous years. Major companies bave reduced old debts and committed themselves to a new round of plant expansions worth about C$2bn.

On the other hand, pulp and paper exports worth C$1.5bn—the second biggest forestry sector—could escape the slowdown that bas overtaken lumber. Any slackening of U.S. sales could be offset by bigher sales to Europe.

In its quest to become less reliant on the U.S. (which now takes 70 per cent of lumber prodnction) B.C. is pinning its hopes on Japan. It has broken into the Japanese market, where construction of about 1 per cent of the 1m bousing starts each year has been switched from traditional methods to the North American two-by-four standard.

BRITISH COLUMBIA

The coastal and inland forests of B.C., for more than 100 years a seemingly inexhaustible resource, have suddenly become finite. Almost every available acre is covered by a logging claim. There is growing use of helicopters to hoist logs over impassable terrain. The province's 366.000 square miles of forested land will have to grow more trees to sustain the industry. That means getting serious about reafforestation, and a C$50m intensive forest maoagement programme is being undertaken by the federal and provincial governments.

Mining, traditionally B.C.'s second industry, is looking to another good year, with growth forecast at 4 per cent. Analysts look to copper, long established as the major mineral, to set the pace, counting on uncertainty over African producers and a low level of world stocks to sustain demand in the face of the U.S. recession.

A relative newcomer, molybdenum, much in demand for its use in steel pipe and to lighten car body steel, is a brisk performer. Three major copper-molybdeoum mines, worth C$450m, shonld open next year and create 1,000 new jobs.

Slumps ln North American construction and car manufacturing are already forcing production and price cuts in lead and zinc. The aluminium industry hopes to receive higher prices as stocks are rebuilt.

Meanwhile, tourism may oust mining from second place. Revenue, np 15 per cent last year, should grow another 10 per cent this year to top C$1.8bn.

One of the ironies of the business is that less than a decade ago Canadian airlines used to advertise in Japan that BC was the gateway to California's Disneyland. Now U.S. airlines advertise in Japan that they dy to Seattle, in America's neighbouring Washington State—billed as the gateway to the Canadian Rockies.

The Japanese, the tourist pace-setters of recent years, should leave behind C$22m this year and could soon replace the UK as BC's largest source of tourists. They spend up to C$100 a day each for incidentals other than transport, rooms and food—three times the amount spent by the archetypal American big spender—and are creating a shortage of accommodation in mountain resort towns.

The West Coast fisheries, fonnded largely on the Pacific salmon which accounts for roughly half the C$520m wholesale valoe of the total catch, faces some uncertainty.

Fedaral and provincial governments are well into a seveo-year C$160m salmonid enhancement programme. There is conflict involving the authorities, commercial fishermen, sports fishermen and the Indians, much of it stemming from the Indians' refusal to recognise Governmeot conservation laws to regulate fishing. There are unresolved disputes with the U.S. over reciprocal fishing rights and the precise alignments of international boundaries in west coast waters.

Spnrred by dwindling catches of their own fleets and Canada's declaration of 200-mile coastal fishing zones, the Japanese have invested beavily in the B.C. fishery in recent years and are the major elemeot in tbe foreign control of ooe-quarter of the processing plaots.

However, processors who paid top prices for salmon for the Japanese market bave been hit by a sudden price slump. This will oot be an outstanding salmon year in B.C. waters, while Alaska to the north expects sucb overwhelming runs that it has asked the Russians to seod it factory ships to belp process the catcb. It all adds up to price pressures on the B.C. fishery. "The heyday is over," said one industry expert.

There are also signs that the boom may soon be over for the fabulous herring roe fishery, a madcap gold rusb played out on stormy seas each winter. The Japanese market for this particular delicacy had bid up the price for spawning herring from C$200 a tonne in 1975 to C$5,000 last year. There are indications that consumers are heginning to resist the soaring prices and, more ominously, that the herring have been dramatically over-fished.

Trump card

B.C.'s trump card is its energy supplies—the cornerstone of the province's industrial strategy. Wbile BC produces only about 25 per cent of its crude oil needs. It is Canada's second largest producer of natural gas and there is a drive to convert consumers. About 100 rigs are busy drilling all over the province and discoveries are outstripping consumption. Stepped-up gas exports to the U.S. approved recently will be worth C$85m.

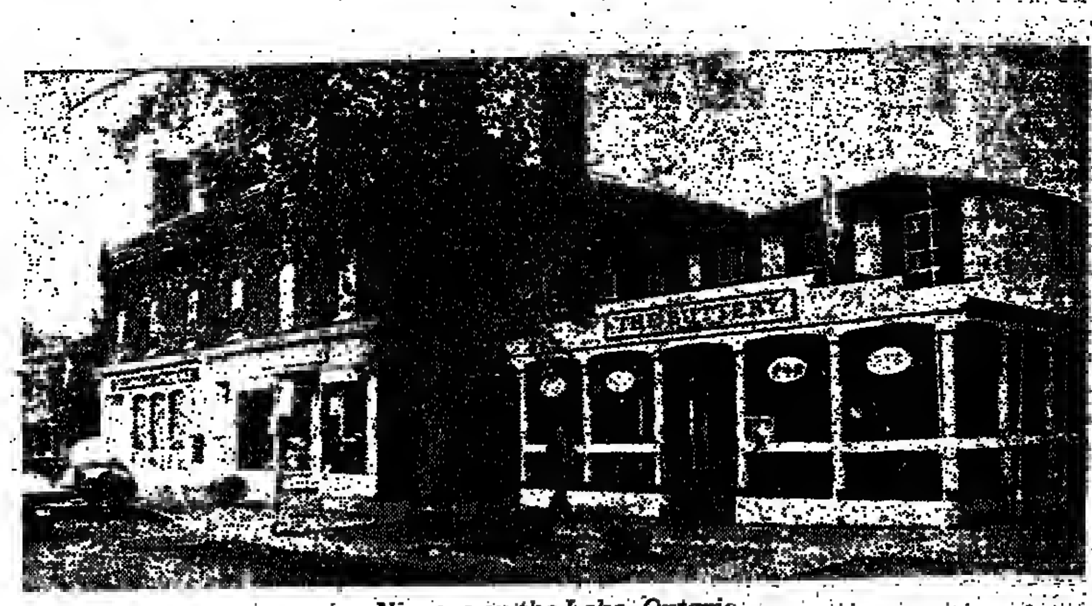
A full 95 per cent of the province's electricity is generated by inland hydro dams. More dams are being built and others planned. B.C. is almost alone in Canada in its present detached luxury of appointing a Royal Commission of inquiry to consider wbether it should even deign to permit mining its known uranium deposits for export. No politician dares think aloud about nuclear power plants io what is Canada's most environmental-conscious province.

There are vast coal deposits, mostly thermal, and experts talk in terms of bundreds of years of supply. Contracts have been bard to get in competition with Australians in world markets, but Korean Electric recently signed up to buy 3.8m tonnes and overall coal exports should be up 8 per cent this year. A Can$150m deep-sea terminal to ship B.C. coal and prairie grain is to be built at the northern port of Prince Rupert.

Still a little nervous after a bout of high taxatiou under the one-term socialist New Democratic Party ousted in 1975, resource industries say they are happy with the investment climate under the Social Credit administration.

Social Credit narrowly won another five-year mandate in the election last May. That electioo wiped out the token Liberal and Conservative represeotation in tha provincial legislature, making B.C. politics a truly two-party affair. The essentially conservative administration is ao extension of the informal, anti-socialist coalitioo that has governed the province for 25 of the past 28 years, owing more to conventional Liberal and Conservative thought than to the dogma of the old populist Social Credit label.

Robert Williamson



Niagara-on-the-Lake, Ontario

Moving into the mainstream

A COMFORTING assumption made for the 1980s by most Canadians is that Canada, because of its vast energy resources, will be insulated from the economic sbocks that almost everyone agrees are coming. That assumption is not shared by the Government of Ontario and the residents of what for many years had been the most prosperous province in the country.

It is the province's lack of petroleum resources and the certainty that the cost of oil and natural gas will rise substantially, no matter which party is elected in the Federal election, that is the cause for worry. Premier William Davis of Ontario has heen fighting like a cornered wildcat with the Federal Government and Premier William Lougheed of Alberta in an attempt to keep the price of oil from rising too rapidly—a fight that he is almost certain to lose.

Ontario has abandooed its self-conceived national outlook for regional self-defence. As a Government spokesman wistfully described the prospect, Ontario has been forced to join an unseemly, somebow unpatriotic game, played at the cost of the natiooal interest. With wbat he described as selfish western Canadian oil power on the rise, what was the choice?

But the more optimistic view is that far from Ontario being sbunted to the sidelines by other provinces, the "regionalisation," as it has been called, of the province will hring it into the Canadian mainstream. After all, Canada is a country of regions, the rich aod the poor. Not that Ontario will hecome a poor region, it will only become relatively less rich.

In his defeated Federal budget, the Conservative Finance Minister, Mr. John Crosbie, forecast ao 11 per cent inflation rate for 1980. But a study by Ontario Government economists indicated instead that a higher oil price would push the rate to 11.5 per cent and add another 4.5 percentage points to the rate in 1981. This is wbat worries Premier Davis.

Ontario Government economists foresee very little real domestic growth in 1980—a hare 0.8 per cent, putting Ontario near the bottom of the national beap. Sluggish growth in the service sector along with a sharp decline in manufacturing—especially in the motor industry—will give the province ao uoemployment rate of 7.5 per cent, up from the most recent figure of 6.6 per ceot.

So a rough time lies ahead for labour and management. The Ontario Ministry of Labour predicts a sharp increase of union-management disputes this year.

No fewer than 3,270 collective agreements will expira this year, compared with 2,210 in 1979. The 1980 contracts will cover 587,000 workers, about 350,000 more than were affected by negotiations last year. The Ministry says key issues in coming negotiations will include protection against inflation, improved pension schemes and joh secnrity plans. The motor car industry will he severely hit by the rising cost of oil. Though

ONTARIO

small-car sales in the United States are soaring, production in Optario is geared to higger models and recreational vehicles. Although the defeated Federal Government's proposal to increase the excise tax on petrol no longer applies, unless the Conservatives are re-elected. Mr. Roy F. Bennett, president of the Ford Motor Company of Canada, said that while he agreed with the Government's desire to encourage the prudent use of petrol, he believed a higher tax might prove "good medicine administered in dangerous doses."

Ontario's strong employment growth of more than 4 per cent in 1979 is expected to decrease to growth of about 1.5 per cent. The bank agrees that the unemployment rate will rise to 7.5 per cent, perhaps more, from the estimated rate of 6.6 per cent for 1979.

This weak performance expected from Ontario's manufacturing industries will he tbe major cause of the province's slower growth. The volume of manufacturing shipments is forecast to dacrease sligbtly as demand weakens. For instance, productioo increases in tbe motor iodustry, which provides jobs in the sales, manufacturing, parts and related sectors for every two of seven Ootarians, will be restrained hy the weak markets expected in both the U.S. and Canada this year for big cars. The substantial capacity additions under way for smaller car production io Ontario will not be coming on stream until 1981.

Residential construction activity will remain depressed, held down hy high mortgage interest rates, rent controls and sluggisb demand.

High interest rates have scuttled hopes of growth, not only in the bousing industry, but in non-residential construction activity in several sectors, such as utilities. Instead, more attention will be given to improving existing plants to avoid spending large amounts of money on major expansions.

The holding pattern taken by commercial and industrial property owners will increase demand for renovation. It could also lead to a deceleratioo of industry growth in Ontario predicted to come from the exodus of business from Quebec. Companies, which a year ago were confidently expected to move their operations from Quebec to Ontario, because of the possibiltiy of Quebec separating from Carada and that province's constraints on the use of the English language in company head offices, now are modernising their Quebec facilities instead of huilding new plant in Ontario.

But there are some bright spots. Strong prices for metals and the end of the strike at the nickel mines of Inco in northern Ontario are keeping mining healthy. Record prices for gold and silver are giving the remaining gold and silver prodncers a new lease of life by extending their lives as lower grade ore now has become profitable to mine. Long term sales contracts arranged by the uranium producers with Ontario Hydro and strong overseas sales should push growth in the Ontario mining sector to 6 per cent.

One of the few manufacturing industries expected to achieve significant growth in 1980 is the chemical industry, with substantial new capacity already in place or to be completed this year.

Modest expansion is predicted for the service industries. Growth in retail sales and personal sarvices will largely reflect inflation rather than real growth. Expansion in the transportation and goods-handling services will be limited and increases in public sector activity will continne to be restricted by spending restraints at all levels of Government.

Not even a change of government in Ottawa is likely greatly to alter that pattern.

James Scott

Tritium's place in Britain's nuclear arsenal

By DAVID FISHLOCK, Science Editor

BRITAIN is commissioning its first plant designed specifically to make tritium, a nuclear explosive used in thermonuclear weapons—H-bombs—such as those in the warheads of the Polaris missiles. It will be in production—on schedule—this spring. Later this year the Ministry of Defence should receive its first deliveries of British tritium, an ingredient of the nuclear deterrent for which Britain hitherto has relied upon the U.S. Government.

The tritium plant has been built for the Ministry of Defence at Chapelcross in Dumfries, not far from Carlisle. The contractor, British Nuclear Fuels, already operates a small nuclear power station at Chapelcross, built originally as a production plant for plutonium, the explosive used in Britain's first nuclear weapons. Company directors, while very coy about details, are plainly pleased at their success with this latest expression of Britain's technological skills.

Sophisticated

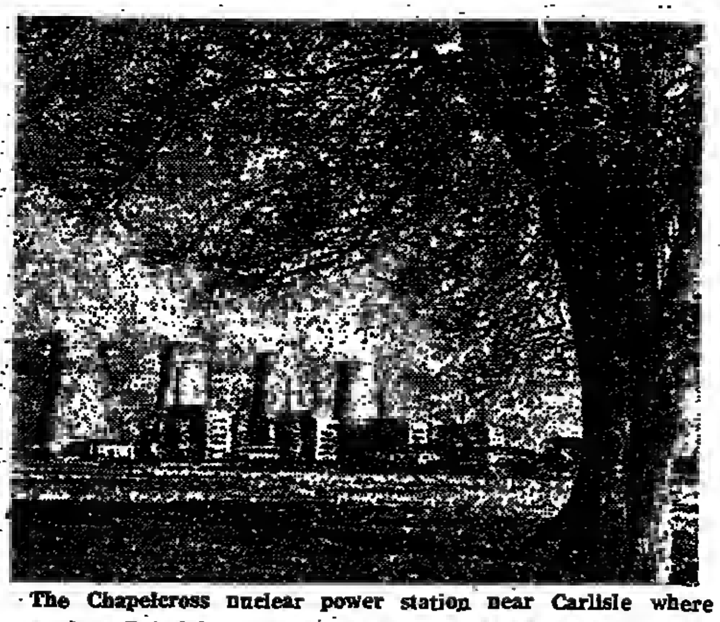
To the casual eye there is little to see of the tritium production plant except for a new chimney. The plant itself is quite small for a little tritium goes a long way compared even with other nuclear explosives such as plutonium and uranium. But the plant is a highly sophisticated piece of chemical engineering, similar in principle—albeit on a much smaller scale—to the thermal oxide reprocessing plant (THORP) the same company is building at Windscale to deal with spent nuclear fuel. About 50 people will be making all the tritium Britain expects to need, both for nuclear weapons and for peaceful uses.

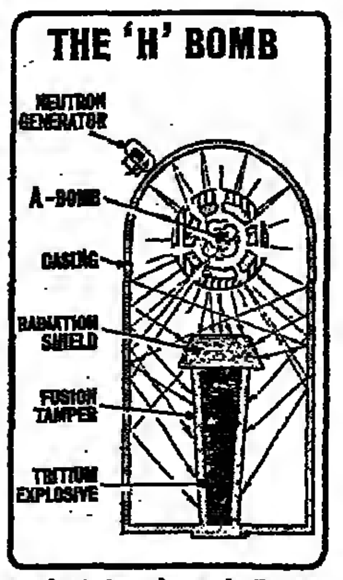
Its cost is believed to amount to £7m-£10m; a small part of the £450m-£500m the British Government committed to the Polaris Improvement Programme in 1975. Last week's news that Britain is also to make highly-enriched uranium once again, for the first time since 1963, is another part of the same long-term commitment to a naval nuclear deterrent.

In return for its investment in tritium Britain has brought security of supply of a strategically-important material for which previously it was wholly reliant on the U.S. It is suggested that if NATO should adopt the enhanced radiation weapon—the so-called "neutron bomb," which releases a higher proportion of its energy as lethal rays—this will increase the demand for tritium compared with present-day weapon needs.

Like all radioactive substances, tritium is intrinsically unstable and must be periodically rejuvenated during the expected lifespan of nuclear warheads. Each Polaris submarine carries 16 missiles, each having three thermonuclear warheads. The Polaris Improvement Programme is expected to see Britain's four Polaris-carrying nuclear submarines surviving well into the 1990s. Precisely how far will become clearer in 1982 when the Admiralty begins to dissect HMS Vulcan, its shore-based nuclear submarine in the north of Scotland. From this they will learn the extent of damage by radiation during two decades to the submarine hull and nuclear pressure vessel.

But by then Britain seems likely to be introducing a new nuclear deterrent based on America's Trident system, with its 18,000-ton submarines and 24 missiles. A deal with the Americans may be negotiated early this year. Britain expects to continue to make its own warhead for the new Trident missile, as it always had under the Polaris Sales Agreement of 1963. Aldermaston, where nuclear warheads have been designed, developed, assembled and serviced since 1952, is expected to continue this work for a long time yet.





The Chapelcross nuclear power station near Carlisle where a plant has been built to produce Britain's tritium. The diagram shows how tritium is used in H-bomb detonation.

"Tritium is the most important and versatile radio-nuclide" begins the standard textbook on the subject. It is a radioactive gas which occurs naturally in air and water in very small quantities. Lord Rutherford's famous research group at the Cavendish Laboratory in Cambridge won the race to make it first, in 1934. Almost simultaneously, a Princeton team discovered naturally-occurring tritium.

Tritium is one of five isotopes (different physical forms) of hydrogen, one of the most ubiquitous elements in nature. As a component of all plant and animal life, as well as of such minerals as oil, hydrogen finds its way almost everywhere. For this reason, although tritium is only mildly radioactive, any leak of the gas can have quite disproportionate consequences. This is a problem that deeply exercises those planning large experiments in nuclear fusion such as the Joint European Torus (JET) project at Culham. But it is one the bombmakers have already learned to live with in handling their explodable gas.

Tritium—like plutonium—is made in a nuclear reactor; in fact, made in a small way in every reactor. British Nuclear Fuels is making it in one of the four small Magnox reactors at Chapelcross, by irradiating an enriched form of the metal lithium, called lithium-6. If the metal is in the form of an alloy with magnesium or aluminium, most of the lithium is retained in the specimen as a compound called a tritide. Acid will then release the radioactive gas from this compound in the reprocessing stage of the operation. The tritium, mixed with hydrogen, can then be enriched to levels useful for thermonuclear reactions by the same kind of processes used to enrich uranium for nuclear weapons or nuclear fuel.

Since all reactors produce some tritium, great care is taken at the stage of reprocessing spent nuclear fuel to prevent the gas escaping into the environment. With its new separation plant at Chapelcross Britain has joined the U.S., France, USSR, and China as the fifth nation known to have facilities for making tritium in large quantities.

Thermonuclear

The biggest single use for tritium is in thermonuclear weapons, which work by fusing the substance with another but stable isotope of hydrogen, called deuterium, found in heavy water. To quote the 1974 edition of the principal textbook on tritium, "there is virtually no published information on the use of tritium in thermonuclear weapons"—even 27 years after the first explosion based on such a reaction took place in the Pacific. But an article published late last year by the U.S. magazine The Progressive which the U.S. (and British) governments tried hard to suppress, pieces together a credible outline of the construction of a thermonuclear warhead. The design is sketched in the accompanying diagram.

The warhead contains no fewer than three different nuclear explosives, together with a chemical high explosive. First, the high explosive shell round the sphere of plutonium compresses it, so that when a shaft of neutrons released electronically from the neutron generator strikes the plutonium a fast chain reaction takes place. This "atomic" explosion spreads swiftly to another shell of the slow-fissioning uranium explosive.

The immense temperatures and pressures generated by this atomic or fission explosion—the primary system, as it is called—are needed to fuse together atoms of tritium and deuterium, creating the element helium and in the process liberating the energy of a thermonuclear or fusion reaction. In this secondary stage the intense pressure crushes an alloy rod, like a large inverted candle, which embodies the two isotopes of hydrogen. This is the nuclear explosive they are making at Chapelcross. Tritium's "half-life" of 12.36 years—the time it takes half of it to transmute into helium—necessitates regular replacement of these rods.

The real skill of the bomb-maker lies in designing this secondary system so that the fusion reaction has time to take place before the fission reaction of the primary system simply blows it to smithereens. The shockwave of the primary explosion moves much too slowly to crush the rod. Only the radiation pressure of the blast of x-rays and gamma-rays released by the fission explosion, travelling with the speed of light, can act quickly enough to bring about an efficient fusion reaction. Pressures of billions of tons per square inch can be generated in this way, by skilfully designing the case of the warhead to bounce the radiation back on to the rod.

Initially at least the Ministry of Defence is expected to take the entire output of tritium from Chapelcross, so other UK customers will still be obliged to import their requirements from the U.S. or France. The Radiochemical Centre, for instance, imports about 100 grams a year from the U.S., paying about $750 per gram at present. (The current French price is "a good deal more expensive.") It re-sells the tritium as radioactively labelled compounds for medicine and research, worth about £4m a year to the company.

New market

Much bigger quantities are being imported for the self-luminous "lamps" used in aircraft exit signs, car dashboards and—a big new market—digital watches. These use the fact that when a tritium compound is mixed with zinc sulphide crystals suitably activated by copper, beta-rays given off by the tritium cause the crystals to emit a green glow. Saunders Roe and Brandhurst are leading suppliers worldwide of these tritium light sources. But as the market has grown, their activities have been curbed by growing concern on the part of the U.S. Government in particular about the total quantities of a potential nuclear explosive circulating in such lamps.

But a potentially large customer in the future, if ever the daunting problems of designing a suitable nuclear reactor are solved, is the electricity supply industry. A reactor harnessing thermonuclear fusion designed to generate 1,000 MW of electricity will have an inventory of about three kilograms of tritium as one of its fuels. This will be dispersed throughout the plant—in the fuel injection system and its reservoir, in the lithium blanket (another fuel) inside the reactor, and in the exhaust and fuel processing parts of the plant. All this tritium will need to be sealed in very securely.

The UK Atomic Energy Research Establishment at Harwell has estimated that the consequences of the total release of this radioactive fuel in a major accident to a fusion reactor would be only one-hundredth as hazardous as the consequences of the total release of plutonium from a fast breeder reactor—if the radioactivity was released to the atmosphere. But the tritium release would be four times more hazardous than the plutonium release if it leaked into water.

This is a problem the JET project expects to confront in three or four years' time. At this stage, provided the basic £120m JET apparatus has been demonstrated successfully, the project will be seeking approval to proceed with an "active" stage of operation, involving the expenditure of another £40m or more. This means that they will want to experiment with tritium fuel instead of the non-radioactive hydrogen and hydrogen-deuterium fuels. It is a development which Dr. Hans-Otto Wuester, director of the JET project, claims should put the experiment ahead of the world's other big fusion experiments. But the scientists will first have to satisfy Britain's nuclear inspectors that they have taken every precaution to protect the environment against any leakage of its inventory of a few grams of tritium.

Letters to the Editor

The facts of steel

From Mr. J. Carlill

Sir,—Your leading article (January 9) is a cogent analysis of the desperate situation in which the British Steel Corporation now finds itself. It is, however, quite wrong of you to suggest that insufficient effort has been made to discuss the industry's problems exhaustively.

During the past three years managers at all levels have spent countless hours in talking and discussing to both full-time union officials and shop stewards—formally and informally—about the problems of the industry and the means to achieve a viable future. Time and again the harsh economic facts have been spelt out, but there has been a marked reluctance to bear the message correctly and in any case the corporation's intent to bring the ship back to an even keel has in the past always been overtaken by short-term panaceas initiated by government, of which the Beswick Report was a prime example.

It is not true to say that the "unions have won shop-floor backing. . . ." Throughout the corporation there are instances where it is known that the calling of the strike was against the wishes of the majority. A ballot on the lines of the British Leyland proposals put forward by Sir Michael Edwardes would make interesting reading—unfortunately the rules of the Iron and Steel Trades Confederation do not allow for such a democratic practice to take place.

J. M. R. Carlill,
Teesside Division
British Steel Corporation.
Steel House,
Redcar, Cleveland.

Council house sales

From Mr. B. Kilroy

Sir,—Civil servants have evidently had to hurry to publish the financial analysis of council house sales (January 12) in time for the Parties to argue about its interpretation in the Commons today. For all its plethora of information, it is uneven and misleading.

Quite apart from narrow political points there are major economic issues at stake in eroding a national asset comparable in value to a decade's worth of North Sea oil. Sales on a large scale at 40 per cent average discounts would have major effects on monetary flows and interest rates in the economy, especially if to achieve a quick reduction in the public sector borrowing requirement building society funds were used. Sales would risk preventing the housing sector of the economy from ever becoming self-sufficient without tax-funded subsidies, grants and mortgage relief.

The Department of Environment paper is said to claim that sales are profitable to the public purse for at least 20 years. It doesn't. It shows that the cash proceeds of houses sold exceed 20 years' worth of net rent income, which is hardly surprising. Wouldn't one expect non-profit making houses to pay for themselves only over their life of maybe three times 20 years? To require sales to balance after only 20 years would then mean a discount of two-thirds of the value or equal to 40 years' real income!

Previous published analyses have suggested no more than that (a) sales would make profits during the first ten years (the 1980s) gradually turning to losses at the second ten (the 1990s) and (b) that the present value of losses would start to exceed gains after that, say, the year 2000. The DoE paper implies the same and illustrates this pattern for actual sales made ten years ago. Previous DoE analysis confirms that post-war council houses have broken into surplus after between 20 and 30 years of their lives.

It is these substantial later capital surpluses which are now going to be disbursed into consumption in the form of cash hand-outs. The DoE's "20-year appraisal" masks this since (a) nil account is taken of the unexpired value of the house which is still alive and kicking after 20 years. Yet (b) sale proceeds are shown as if received in full and renovation costs as if incurred in full, whereas only the current incomes and costs from the entitlement and liability should be shown. Cash and value should not be confused.

The paper could also be accused of a spurious sophistication in "imponderables" by adding together wide extremes of each variable, whereas in real life the factors tend to vary in unison and not independently. Just one implication, for instance, suggests rents could fall in real terms from £8 now to under £5 in 50 years' time while management and maintenance costs rose from £2 to £6—which would hardly be allowed to happen on a national scale. When many of the ranges have such extreme possibilities, one is reminded of Keynes' advice that "it is better to be roughly right than precisely wrong."

Bernard Kilroy.
104, Princes House,
Kensington Park Road, W11.

Industrial relations

From the Chairman, Aniforms.

Sir,—The New Year's resolutions which Mr. Walter Goldsmith set out (January 9) are to be applauded; and he is so right in his final comment that high productivity will never be achieved without good industrial relations.

Mr. Goldsmith lists a whole number of approaches that would improve the situation in most companies. A number of these may be summarised as "Reaching a permanent dialogue with all levels of the workforce." It is a practice of all good marketing and sales executives to achieve this objective in the market place in which they operate; to establish a flow of information to and from their potential customers.

Why do so many manufacturers continually fail to exploit the expertise they have built up in the marketing and sales area of their business to establish first class communications with their workforce? If this is highly productive and co-operative, it is a company's major asset, of even greater value than marketing and sales divisions.

Members of a workforce react to the same stimulus as consumers; remember they are all consumers in their own right. No managing or marketing director worth his salt would address his sales force or agents without having available to him the necessary aids to ensure the highest possible retention of their message. A follow up programme would be planned to establish continuity and maximum return from the initial investment. Surely the workforce hourly paid or salaried merits the same treatment and possibly even greater investment.

A corporate internal communications programme requires the same careful pre-planning and implementation as applied to a marketing communications campaign. Management must establish an empathy with its employees; this is not achieved by a one off effort but by a continuous programme, sensitive to the requirements of its audience.

The return from such a programme would more than merit the effort and investment required to implement it.

C. Austen Barnes,
The Studios, Troy Court,
Phillimore Walk, London, W8.

Anti-nuclear attitudes

From the Director of Information Services, UK Atomic Energy Authority

Sir,—The nuclear industry will be encouraged by the declaration by Mr. Christopher Hall, director of the Council for the Protection of Rural England, that CPRE is not anti-nuclear (January 2). This is not the impression gained over the past few years from the participation of the Council and its assistant secretary, Mr. Robin Grove-White, in the nuclear debate.

CPRE has laudable aims relating to the improvement, protection and preservation of the rural scenery and amenities of England. One can understand, therefore, concern about the impact of large-scale industrial projects, such as power stations on the countryside, but I wonder why nuclear power has been singled out for so much criticism by CPRE, since for a given output nuclear power stations have much less impact on the environment than fossil fuelled ones.

I have also been puzzled about the connection between CPRE's aims and attacks on nuclear power based not on the siting of power stations but on political and social issues such as civil liberties, terrorism, civil disobedience and the jeopardising of democratic procedures.

P. N. Vey.
11, Charles II Street, SW1.

The value of benefits

From the director Child Poverty Action Group

Sir,—May I add to the points made by Frank Field in his response (January 8) to Mr. D. G. Lindsay's letter on child benefits?

Mr. Lindsay claimed that child benefit "has failed both low-income families, for whom the level of the benefit is inadequate, and middle-income families, who have been deprived of child tax allowances which, had they existed today, would have been of significantly greater value." I would certainly not wish to dispute that the present child benefit is inadequate, but before we write the requiem for child benefit and call for the reincarnation of the old system of taxable family allowances and child tax allowances, we should examine the facts.

For standard rate tax-paying families we have calculated that had child tax allowances been retained intact and index-linked since 1977 under the "Rooker-Wise" amendment, they would be worth considerably less than the current child benefit; the same applies if they had been increased in line with the married man's tax allowance. Furthermore, even if we assume that the real value of family allowances had been maintained during the intervening period, child support would still have been worth less today for tax-paying families under the old system than under the new.

Of course, for the poorest working families who do not pay tax, the gains have been even greater. It is highly unlikely that the £1.50 family allowance would have risen to £4 in two years without the injection of resources made possible by the abolition of child tax allowances.

Child benefits are inadequate today partly because both family allowances and child tax allowances, which they replaced, were themselves inadequate. The old scheme of taxable family allowances and child tax allowances can hardly be called a success in terms of the support it provided either for the poorest families or for ordinary tax-paying families. Unfortunately this failure is now being compounded by the neglect of child benefits. But let us not kid ourselves that families would have been better off today under the old system.

Ruth Lister.
1 Macklin Street,
Drury Lane, WC2.

Basic data for process plant

From the Chairman, National Physical Laboratory Section, Institution of Professional Civil Servants

Sir,—I refer to an article entitled "Government help sought by process plant industry" (January 10), written by Hazel Duffy your industrial correspondent.

I note that the process plant economic development committee reported that the Government could help the industry through "standards and specifications" and "by supporting R and D through the research establishments."

This comes soon after the Department of Industry selected two areas, in the division of chemical standards at the National Physical Laboratory for elimination or drastic reduction (as part of Government expenditure cuts), which are intimately involved with providing a service to the process plant industry.

These cuts specifically affect the provision of basic data for plant design and operation, the conservation of energy and materials, and the provision of certified reference materials used for standards, specifications, and quality control.

That urgent industrial needs should be countered by such Government decisions leaves no hope for the future competitiveness of UK process plant industry.

W. McMillan.
National Physical Laboratory,
Teddington, Middlesex.

Today's Events

GENERAL

UK: Iron and Steel Trades Confederation private sector representatives meeting to consider joining British Steel strike.

Inquiry opens into plans by British Nuclear Fuels to take more water from Wastwater.

Wool textile report published by Health and Safety Executive.

National Research and Development Council introduces a new fabric.

British Tourist Authority statement on British Tourism in the 80s.

International Domestic Electrical Appliances Exhibition opens, National Exhibition Centre, Birmingham (until January 17).

Overseas: European Parliament in session, Strasbourg (until January 18).

Economic experts from EEC and Japan start two-day meeting in Tokyo.

Inaugural two-day meeting of Japanese and Chinese economic experts opens in Peking.

U.S. presents formal legal brief of Tehran hostages to International Court, The Hague.

OFFICIAL STATISTICS

Department of Trade issues the balance of payments current account and overseas trade figures for December.

PARLIAMENTARY BUSINESS

House of Commons: Housing Bill, second reading. Petroleum Revenue Tax Bill, remaining stages. Bail, etc. (Scotland) Bill, consideration of Lords amendments.

House of Lords: Papua-New Guinea, Western Samoa and Nauru Bill, committee. Furskins Bill, third reading. Criminal Justice (Scotland) Bill (HL), second reading.

COMPANY MEETINGS

Bridport-Gundry, The Court, Bridport, Dorset, 12. John Carr (Doncaster), Watch House Lane, Doncaster, 11. Concentric, Penns Hall Hotel, Penns Lane, Walmley, Sutton Coldfield, 3. Hanson Trust, Great Eastern Hotel, EC, 11.30. Higsons Brewery, Adelphi Hotel, Lime Street, Liverpool, 12. Leeds and District Dyers and Finishers, The Post Room, Bramhope, Leeds, 12.

COMPANY RESULTS

Final dividends: Gough Cooper. S. C. B. Group. Interim dividends: The Diamond Stylus. Group Investors. G. T. Japan Investment Trust. Lyton Holdings. Wellman Engineering Corporation.

WORLD STOCK MARKETS

NEW YORK

Fresh early Wall St. advance

WITH INSTITUTIONAL and some foreign investor buying taking place, Wall Street showed renewed firmness in further very heavy early dealings yesterday, extending last week's good rise.

The Dow Jones Industrial Average, up almost 30 points last week, improved 5.89 more to 864.42 at 1 pm. The NYSE All Common index advanced 37 cents to $63.70, while rises led falls by a nine-to-five margin. Trading volume came to 35.36m shares, against last Friday's 1 pm figure of 38.31m.

Analysts said indications that the recession could be moderate and that earnings of capital goods companies may be aided by Federal arms programmes were helping the market.

Investors seem resigned to the prospect of continued high interest rates, they added.

Metal and Oil issues led the advance. Volume leader Exxon climbed ⅜ to $53, Texaco 1⅜ to $30, Phillips Petroleum ⅝ to $49¼ and Indiana Standard ¾ to $77⅜.

Among the actives, Inco gained ⅞ to $12¼, Kennecott Copper 1⅞ to $39⅜ and Asarco 2½ to $47⅞.

Gold and Silver stocks rose, Dome Mines adding 1½ to $58¼, Homestake, which raised the dividend, $2 to $58¼, ASA 1½ to $48⅜, Hecla Mining 3⅞ to $47½, Callahan Mining ⅞ to $39¼ and Sunshine Mining 1⅞ to $37⅞.

Oneida, a manufacturer of silver tableware, jumped 3¼ to $32½, NVF, which owns 86 per cent of Sharon Steel, rose 2⅞ to $18⅞. Sharon on Friday announced a stock split and raised the dividend.

TRE gained $1 to $26½. It has withdrawn its $27 a share bid for Wylain after Marley began a $30 bid last Friday. Marley lost $1 to $23½ and Wylain ½ to $28⅞.

C. T. Bowring has rejected an acquisition proposal from Marsh and McLennan, unchanged at $69½.

THE AMERICAN SE Market Value Index climbed 2.57 to 258.33 at 1 pm on volume of 7.50m shares (5.33m).

Canada

Markets continued to move ahead strongly yesterday morning in further brisk trading. The Toronto Composite index reached a new record peak of 1,922.2 at noon, up 23.5 more, while Golds advanced 116.7 to 2,618.5, Metals and Minerals 50.3 to 2,038.6 and Oil and Gas 33.8 to 3,820.3. In Montreal, Banks rose 6.17 to 313.54.

Bank of Montreal, which raised its dividend, put on ½ to C$26¼.

Tokyo

Defence-related issues and a number of speculatives found favour in a rather mixed market yesterday.

The Nikkei-Dow Jones Average rose afresh by 25.13 to 6,659.55, but declines on the First Market section exceeded gains by 318 to 290 and the Tokyo S.E. index eased 0.19 to 463.63.

Heavy Industries, Aircraft and some other defence-related stocks firmed on reports that U.S. Defence Secretary Harold Brown is urging Japan to expand its defence role. Mitsubishi Heavy Industries gained Y3 to Y186, Ishikawajima-Harima Y2 to Y134, Fuji Heavy Industries Y4 to Y309 and Shin Meiwa Y32 to Y620.

Trading Houses were strong, while Machines and Textiles also gained ground, but Non-Ferrous Metals, Oils, Chemicals and Vehicles receded on profit-taking.

Among Trading Houses, Mitsui climbed Y33 to Y363 and Mitsubishi Y24 to Y747.

However, Yamaha Motor fell Y62 to Y998, Honda Y10 to Y655 and Teikoku Oil Y18 to Y975.

Australia

Markets moved broadly and sharply higher, with Resources stocks particularly buoyant on strong Overseas and local demand. The Sydney All Ordinaries index forged ahead 20.76 to a new record of 808.39, while the Metals and Minerals index jumped 216.09 to a fresh 1979-80 peak of 5,195.07.

Buying was sparked off by London and intensified later when Hong Kong demand developed.

The Rundle Oil Shale partners rose sharply, with Central Pacific Petroleum adding A$5 at A$42 and Southern Pacific A$1 at A$16.

Woodside Petroleum advanced 12 cents to A$2.72, Crusader Oil 13 cents to A$2.35 and Monarch Petroleum 9 cents to 57 cents, while Gas Producer Santos put on 60 cents to A$7.90.

Overall market leader BHP, partly on its oil interests, added 70 cents at A$13.40, while CSR gained 10 cents to A$5.00 and its Coal subsidiary Thiess gained 34 cents to A$7.50.

In the Gold Mining sector, A$2.00, GMK 25 cents to A$4.00, Peko-Wallsend 10 cents to A$8.40 and Central Norseman 20 cents to A$6.70.

Ashton Mining rose afresh by 13 cents to A$3.48, while its major partner in the Ashton diamond venture, CRA, strengthened 40 cents to A$5.82.

Elsewhere in Minings, MIM added 34 cents at A$5.14, Western Mining 25 cents at A$4.20, Jimberlana Minerals 40 cents at A$2.25 and Aberfoyle Tin 50 cents at A$6.[illegible].

ICI Australia improved 12 cents to A$2.71 and Thomas Nationwide Transport 10 cents to A$2.20.

Germany

Soaring gold prices and the deepening world political troubles unsettled the market, which drifted down over a broad front in light trading. The Commerzbank index retreated 5.9 to 703.2.

Deutsche Bank shed DM 2.10, while Daimler lost DM 3 in Motors, Brown Boveri DM 2.50 in Electricals, Schering DM 2.70 in Chemicals and Demag DM 2 in Engineerings.

Public Authority Bonds were mixed showing gains of up to 20 pfennigs and losses extending to 30 pfennigs. The Bundesbank sold a nominal DM 8.1m of paper after buying DM 4.1m last Friday.

Johannesburg

Gold shares scored good gains in active trading on mainly Overseas interest as the international gold price soared. FS Geduld rose R3.50 to R55.00.

Mining Financials followed gold producers ahead, Anglos adding 60 cents at R16.35. Diamond leader De Beers firmed 25 cents to R10.85. Platinums also advanced, but Collieries and Tins eased. Industrials were mostly higher.

Hong Kong

Stocks remained easier-inclined in moderate trading, with the Hang Seng index shedding 3.96 to 842.51.

The market failed to respond to Hong Kong Land's sale of Gammon House last week, and many investors were tending to hold off ahead of legislative council debate on new rent controls for Hong Kong.

Hong Kong Land lost 20 cents to HK$14.00, Jardine Matheson 20 cents to HK$15.30, Hong Kong Wharf HK$1 to HK$77 and Swire Pacific "A" 15 cents to HK$8.85, but Cheung Kong put on 20 cents to HK$19.00.

Hsin Chong gained 2.5 cents to HK$4.175 and rumours of a possible bid for some of the equity.

Paris

Share prices generally declined in thin trading in the wake of sharply rising gold prices.

Sectors losing ground included Banks, Insurances, Foods, Engineering, Hotels, Chemicals and Public Services, but Oils and Metals tended to improve. Pro. Stores, Electricals and Constructions were mixed.

Pernod Ricard shed FFr 8 to FFr 265 and Poclain FFr 10 to FFr 217, but Aquitaine, in Oils, gained FFr 15 to FFr 1285.

Amsterdam

An easier tendency prevailed in slow trading, with Royal Dutch losing Fl 1.20, Unilever Fl 1 and Akzo Fl 0.20 in Dutch Internationals.

In Shippings KNSM fell Fl 5.00. Elsewhere, HVA shed Fl 2.50, KLM Fl 2.00 and Heineken Fl 1.50. ARN declined Fl 4.00 in Banks.

Closing prices for North America were not available for this edition.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

JAPAN

BRAZIL

Financial Rand US$0.85 (Discount of 21⅛%)

Spain Prices, Page 22

Indices

NEW YORK—DOW JONES

	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 4	1979-80 High	1979-80 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	858.53	858.96	850.00	831.71	832.08	828.84	897.61 (5/10)	796.67 (7/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	75.82	74.08	74.01	75.64	75.82	75.75	89.10 (15/8)	73.35 (31/12)	—	—
Transport	257.81	256.64	255.85	253.17	250.15	251.51	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	109.11	109.21	108.10	108.55	107.51	106.94	109.74 (17/12)	98.24 (24/10)	165.32 (20/4/69)	10.52 (28/4/42)
Trading Vol 000's	63,110	56,220	65,770	65,540	44,140	36,415	—	—	—	—

◆Day's high 858.17 low 848.89

Ind. div. yield %	Jan. 4	Dec. 28	Dec. 21	Year ago (approx)
	6.03	6.03	6.03	3.24

STANDARD AND POORS

	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 4	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	125.54	123.01	122.60	122.24	118.53	119.52	124.48 (15/10)	151.08 (27/2)	134.54 (11/1/73)	3.52 (30/6/32)
§Composite	106.92	108.99	109.05	108.86	106.51	106.52	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 9	Jan. 9	Dec. 28	Year ago (approx)
Ind. div. yield %	5.26	5.38	3.27	4.21
Ind. P/E Ratio	7.78	7.64	7.57	8.93
Long Gov. Bond Yield	10.27	10.15	10.17	8.98

N.Y.S.E. ALL COMMON

Jan. 11	Jan. 10	Jan. 9	Jan. 8	1979-80 High	1979-80 Low
63.33	63.23	59.72	59.59	63.33 (11/1/80)	55.88 (27/5)

Rises and Falls	Jan. 11	Jan. 10	Jan. 9
Issues Traded	1,992	1,868	1,917
Rises	959	1,070	1,025
Falls	679	451	546
Unchanged	351	347	346
New Highs	—	135	166
New Lows	—	5	4

MONTREAL

	Jan. 11	Jan. 10	Jan. 9	Jan. 8	1979-80 High	1979-80 Low
Industrial	341.05	341.25	336.65	332.99	341.25 (10/1/80)	219.19 (2/1)
Combined	320.06	319.62	319.11	311.71	320.06 (11/1/80)	225.80 (2/1)
TORONTO Composite	1896.7	1884.1	1854.0	1852.6	1896.7 (11/1/80)	1015.8 (2/1)

	Jan. 14	Jan. 11	Jan. 10	Jan. 9	1979-80 High	1979-80 Low
AUSTRALIA						
Sydney All Ord. (1/1/80)	808.39	788.18	777.79	769.38	808.39 (14/1/80)	546.72 (2/1/79)
Metals & Minls (1/1/80)	5195.07	4978.98	4881.36	4780.06	5195.07 (14/1/80)	2587.34 (2/1/79)
AUSTRIA						
Credit Aktien (2/1/62)	68.91	68.91	68.98	68.69	69.40 (7/1/80)	61.53 (2/5)
BELGIUM						
Belgian SE (31/12/65)	102.44	102.64	102.10	102.30	109.47 (5/10)	96.80 (3/1/79)
DENMARK						
Copenhagen SE (1/1/73)	86.80	85.51	85.97	84.80	97.46 (25/7)	83.50 (14/1/80)
FRANCE						
CAC General (29/12/61)	104.8	104.2	100.1	104.5	115.1 (8/10)	92.4 (16/2)
Ind Tendance (28/12/79)	101.5	101.70	100.8	101.5	131.7 (11/1/80)	95.9 (3/1/80)
GERMANY						
FAZ-Aktien (31/12/58)	222.09	224.65	224.71	225.0	265.60 (16/1/79)	220.73 (3/1/80)
Commerzbank (Dec. 1953)	703.2	709.10	708.4	710.2	839.00 (16/1/79)	695.5 (3/1/80)
HOLLAND						
ANP-CBS General (1970)	84.1	84.9	84.4	84.6	94.2 (24/1/79)	82.7 (3/1/80)
ANP-CBS Indust. (1970)	67.6	68.20	68.5	68.2	86.8 (24/1/79)	65.1 (13/12)
HONG KONG						
Hang Seng Bank (31/7/64)	842.51	846.47	853.21	850.75	889.13 (2/1/80)	493.83 (2/1/79)
ITALY						
Banca Comm. Ital (1972)	85.05	87.09	88.03	87.79	95.06 (4/10)	66.66 (2/1/79)
JAPAN						
Dow Average (16/5/49)	6659.55	6615.51	6594.01	6591.83	6659.55 (14/1/80)	5825.81 (10/4)
Tokyo New SE (4/1/68)	463.63	462.71	460.56	455.52	465.24 (28/9)	435.15 (10/1)
NORWAY						
Oslo SE (1/1/72)	140.61	140.33	134.78	133.74	142.22 (15/12)	74.40 (18/1)
SINGAPORE						
Straits Times (1966)	441.52	459.11	440.15	438.78	441.52 (14/1/80)	346.54 (23/2)
SOUTH AFRICA						
Gold (1958)	(u)	550.9	(u)	506.7	540.3 (2/1/80)	228.40 (11/4)
Industrial (1958)	(u)	471.1	(u)	460.0	471.1 (11/1/80)	270.50 (2/1/79)
SPAIN						
Madrid SE (29/12/78)	(c)	99.67	99.56	99.47	100.75 (2/1/80)	99.47 (9/1/80)
SWEDEN						
Jacobson & P. (1/1/58)	342.81	342.55	348.98	345.75	401.34 (8/2)	351.57 (24/5)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	309.5	310.40	307.2	306.9	329.10 (2/5)	284.80 (3/1/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Deere	1,420,200	35⅝	+ ⅛	Dow Chemical	456,100	34⅝	+ ⅛
Benguet	1,331,500	14⅛	+3⅜	Exxon	442,800	52½	—
Inco	751,000	26¾	+1½	Kaiser Alumin.	430,800	22⅞	+ ⅜
Sears Roebuck	548,800	17¾	− ⅛	Texaco	402,300	28⅝	+ ⅛
IBM	545,000	67	− ½	Storage Tech.	388,000	16½	+ ⅛

Argentina's car makers face a more competitive future

By KENNETH GOODING, Motor Industry Correspondent

ARGENTINA's automotive industry is going through an upheaval in which the European manufacturers are jostling for strategic positions. For, if Argentina continues to enjoy *political stability—and given the* record that is a big "if"—it could become one of the fastest-growing car and truck markets during the 1980s.

At present it is a ralatively small market, sales this year totalling around 190,000 cars and 17,000 trucks. But they reached 220,000 and 20,000 respectively in the peak year of 1974. In addition Argentina provides a market for some 1,000 buses a year and 42,000 pick-up trucks.

Given tha size of the market there are certainly too many local prodncers and in 1979 ahout 20 per cent of the industry's capacity has been surplus to requirements.

Mergers

The local producers are now also having to cope with the Government's "renovation" programme for the industry which, among other things, will for the first time in many years permit imports at reasonabla tariffs and mergers hetween car makers.

Although the programme, designed to increase competition in the automotive industry and jolt it out of its former lethargy, began only in the early months of 1979 it already has made an impact.

PSA Peugeot-Citroen, for example, is to close the Citroen plants and will instead import built-up cars from France. PSA will concentrate Argentinian production on tha Pengeot range. Peugeot, operating in Argentina as Safrar, has around 10.8 per cent of the total Argentinian vehicle market. Its plant has a capacity of 25,000 cars a year but has been operating at an annual 18,000 since 1975.

Citroen, with a 4.2 per cent market share, had the capacity to prodnce around 900 cars a month and was making around 600.

Although the liberalisation of the import rules did not take effect until January 1, some 5,000 cars were imported aftar it became known the barriers were being lowered, and of this *number 1,500 were Citroens.*

Argentina's over-capacity problem was also eased to some extent by the decision of General Motors to pull ont, somewhat hattle-scarred and weary, at the end of 1978. GM's accumnlated losses were around $50m, and tha group explained. "If we sold every car and truck we could produce in Argentina we would still operate at a loss because we had our prices controlled by the Government but our suppliers' prices (and we had to use local suppliers) were not." This, of course, was before the "renovation" programme.

GM'a competitors point out that the group provided the Argentinian market with the wrong style of car—of American rather than European derivation—and that the GM plants, with a nominal capacity of 4,000 cars and trucks a month, were badly run down to the extent of requiring enormous capital expenditure tn bring them up-to-date.

In this context it sbould be stressed that Argentina prefers European cars, not because they are amaller and mora fuel-efficient—the country is more or less self-sufficient in oil—but because they give a driver more enjoyment.

On the positive side, moat of the other manufacturers have reacted to the "renovation" programme by announcing investment plans to update their facilities and models: These are urgently needed because the Peronist regime threw up a protective barrier around the local industry and also forbade the introdnction of new models on the ground that Argentina could not afford such frivolities.

Renault has a five-year, $100m, modernisation programme in mind. Renault produces around 32,000 vehicles a year in Argentina and exports kits for assembly in Chile and Uruguay.

Daimler-Benz has embarked on a $50m, four-year programme to modernise and expand its truck facilities and intends to raise local prodnction from 8,000 to 12,000 a year.

Ford, already the leading producer in Argentina, aims to consolidate and build on that position by apending $76m during 1980-81 to upgrade products and increase capacity. Some $40m, of the total will go towards a new assembly plant wbich will increase Ford's production potential to 88,000 cars per annum. Argentina will get versions of both the new Cortina Taunus car in 1981 and the Erica (the replacement for the Escort and likely to be called Escort in Europe) in 1982.

Competitors

Ford at present has around 33.4 per cent of the total vehicle market and its competitors say there is little to prevent it climbing to 40 per cent. By comparison, Renault bas 16.3 per cent and Daimler-Benz 3.8 per cent of the market (although In medinm trucks alona D-B has captured a 58 per cent market share).

Fiat, with a 15.2 per cent ahare, raised $37m locally to finance an expansion programme which was designed to take its Argentinian capacity from 50,000 to 75,000 a year. But *it looks* as if this programme has now bean shelved due to the threatened arrival of Volkswagen in Argentina.

Long ago, in 1953, Fiat and VW cama to an understanding that Fiat would stay out of Brazil if VW would reciprocate by doing the same as far as Argentina was concerned. This arrangement hroke down after 21 years and Flat penetrated Brazil with a version of the 127 car which qnlckly captured 10 per cent of that market.

Now VW is taking advantage of American Chrysler's need for cash and ita consequent retrenchment within the U.S. VW has agreed to buy the American group's 48 per cent of Chrysler Fevre Argentina. The other shareholders, mainly dealers and suppliers in Argentina, have sald they, too, are willing to sell. All that is required is for the Government tn give the necessary approvals and VW can take full control.

However, It saems that VW will not be able to re-tool and convert the Chrysler plants until 1981 at the earliest. But in the meantime It will be able to import Brazilian-built Beetles.

In the unlikely event that the Government does not changa Its policy of keeping the Peso over-valued (anothar ploy in tha monetarist policy it is following in the battle against inflation) VW by the aummer abould be ahle to import Beetles at a price well below that of Fiat's Argentinian-built small car.

New buyers

Eventual local production of VWs would be bound to hurt Fiat in particular, even though there are indications that a Baetle-derived Argentinian car might attract a new strata of car huyers not seen since the 1974 boom stimulated hy Peron.

At the heavy end of the trucks business, too, Fiat is under pressure from Scania. The latter's new plant at Tucuman has overcome minor teething troubles and is building up output. Scania was one of the companies forced out of the Argentinian market in 1969 when the no-imports rule hegan. But its good reputation lingered on and has heen helped by the group'a progress in Brazil.

A potential threat to both the European groups is the importation of Mack trucks from the U.S., another manufacturer with a high reputation in Argentina. The signs are that Mack is making a determined attempt to make a serious dent in a "new" market now that the import harriers are coming down.

Daimler-Benz, as its investment programme proves, haa had some rethinking to do in spite of its apparently impregnable position in Argentina as a medium-duty truck producer. The Argentinian authorities are attemptiog to do something about the under-powered trucka on the roads and have changed the regulations so that the power to weight ratio will be improved. The current ratio of 3.5 horsepower per ton will move up to 5.5 horsepower per ton in regular steps hy 1983. D-B, caught off guard like the other producers, recently introduced a truck which will not match up to the regulations.

Argentina bas a habit of introducing legislation first and worrying afterwards about how it should be implemented. So the enforcement of the truck regulations could be delayed—but the industry is sure they will eventually he implemented.

The automotive industry could also be adversely affected under legislation proposed hy the Buenos Alrea authorities who want to ban pollution-causing manufacturing industry within a 30-km radiua of the centre and have given companies concerned 10 years to move out.

Compromise

The automotive industry is beavily concentrated within the "banned" area. The only exceptions are Fiat and Renault, whicb are based at Cordoba, and Scania at Tucuman. The hope is that a compromise migbt be worked out so that while no new manufacturing capacity would be put up within the proscribed area, those already there would remaln.

One of the major questions for Argentinian iodustry to consider is: how closely will it link in future with other Latin American countries, particularly Brazil? For example, GM might not return to manufacturing in Argentina if it can provide cars freely from Brazil. And reciprocal arrangements in automotive components are gathering pace, for example Scania's Argentinian plant exports gearboxes to Brazil and imports engioe componeots from its plant there.

Whatever happens, European manufacturers seem to be in a position to dominate the Argentinian vebicle market through the 1980s. With GM in disarray, only Ford represents the U.S.-owned multinationals and so far the Japanese have stayed away. The first few Datsuns and Toyotaa hegan to trickle into Argentina in 1979, and there are no indications as yet that it will ever be more than a trickle.

CONTRACTION OF CAR AND TRUCK MANUFACTURING IN ARGENTINA

MARKET SHARE ALL VEHICLES

	1960 %	1979 %
Ford	13	33.4
IKA (Renault)	38	16.3
Fiat	5	15.2
Chrysler	5	12.2
Safrar (Peugeot)	2.2	10.8
Citroen	1	4.2*
IME (state-owned)	4	4
Daimler-Benz	3	3.8
Scania	—	0.3
Deutz	—	0.05
SIAM	4.7	withdrawn
General Motors	13	withdrawn
ISARD	4.6	withdrawn
Metalmecamica	4	withdrawo
Santa Fe	1.1	withdrawn

* Withdrawn in 1980.

WASTE AS ENERGY

BASF's triumph out of necessity

BY RHYS DAVID

NOT VERY far to the south of the industrial city of Lndwigshafen, tha island of Flotzgrun each year rises a little from the Rhine. It has made the uninhabited island—created wben the Rhine was straightened in the 19th century—an interesting feature in an otherwise flat landscape, and a popular weekend retreat for birdwatchers, anglers and others.

The gradual emergence of Flotzgrun owes nothing to the forces which inspire Wagner's Rhine operas, and there bave been no eruptions or other spectacular phenomena. Its gentle progress is instead the last link in a chain of measures the German chemical company, BASF, bas had to forge to deal with a particularly difficult pollntion problem.

The company is one of Germany's big three chemical groups, strong in dyestuffs, ammonia, and plastics, with a turnover in 1979 of more than DM 25bn (£6.25bn). BASF is unusual in the world chemicals industry in having a high proportion of its total activities concentrated on one site: alongside the Rhina at Ludwigshafen. It employs some 52,000 people in around 300 production departments on the 6.5 sq km site, making more than 6,000 prodncts, totalling 6m tonnes in weight each year.

Strong links

This concentration has advantages in terms of short lines of communication—minimising the cost of transporting goods, and travel—and the ability to make optimum use of common services, such as energy. The disadvantages are the inevitable growth of a substantial population centre around sucb a large complex, and the conflicts that then arise over emissions to the environment. It is also an enormous generator of waste products varying from highly toxic chemicals to paper.

The programme started more than 20 years ago, when Federal authorities gave notice of the need virtually to eliminate pollntion. BASF now believes that, at considerabla cost, it has redneed its unfavourable impact on the neighbourhood to a minimum. In an illustration of the strong links between community and industry in Germany, the BASF solution has also involved the company in taking over effinent disposal for the town of Lndwigshafen, together with that of two other smaller towns. The company has also built into its plants a waste recovery system which enables it to obtain as much as 16 per cent of its total energy requirements from its own waste.

Greater use of waste to provide the complex with part of its anergy requirements, both cut the cost of bought-in energy, such as coal and oil, and got rid of the rising volumes of rubbishy materials generated at Ludwigshafen.

With much of the waste no real problem arises: some 60 per cent of both the solids and liquids are relatively stable and can be burned, together with all combustibla gaseous residues, in tha company's own on-site power stations, giving a direct saving in fuel.

The remaining 40 per cent, however, because of their volatility, have to be taken to a special incineration plant (consisting of a kiln and six rotary furnaces) with a capacity of 100,000 tonnes of residue a year which serves a set of steam-generating waste-beat boilers. Some 8,000 consignments a year are delivered to the incinerator from various parts of the site and, after checks on content have been made, are burnt together with their metal, plastic or wood containers. BASF believes burning residues saves it the equivalent of 320,000 tonnes of coal a year out of its total burn of 2m tonnes coal equivalent a year—a saving of DM 7.5m on its fuel bill.

The big problem, however, was to dispose of large quantities of other solid and liquid wastes. The plant uses more than 1bn cubic metres of water a day—including cooling water—most of it extracted from the Rhine, and for most of the past 100 years returned straight to it: the waste water outlets from BASF used to run to the river in the same 15 km long system of sewers as surface rainwater.

Concern over high levels of pollntion in the Rhine led in the 1950s to German waste water legislation which gave the company 20 years to conform to much more stringent standards. A wide-ranging programme was set in motion at the plant, including a number of local measures to reduce pollntion at source and to recover metals. These in combination have led to a reduction of the pollution load by 550 tonnes a day.

The big task, however, has been the development of a completely new sewerage system, separating off and collecting heavily polluted water on the one hand, and clean waste not requiring further treatment on the other. The new system had to be installed under the criss-cross street pattern of the complex, to serve more than 300 different plants, and the work had to be carried out without disrupting production. Finally there was a need for a purpose-built purification plant to treat the beavily pollnted waste water collected daily.

The Ludwigshafen works, hub of the BASF group, which o ccupies 6.5 sq. km. and stretches 5.4 km. along the Rhine.

The Ludwigshafen treatment system bas chemical, mechanical, and biological stages, and is specially adapted to the composition of the waste water generated by the complex. It was decided early that it would make sense for the plant to handle effluents of the city of Ludwigshafen and the neighbouring communities of Frankenthal, and Bobenheim-Roxheim, with a combined population of 200,000. (Their contribution to the total load represents abont one-tenth of that generated by tha chemical plants.)

The system which has now been fully run in is capable of breaking down roughly 375 tonnes a day of biologically decomposable substances and has been handling a thronghput of as mnch as 700,000 cubic metres of water per day. The process involves the addition to the effluent, before it leaves BASF of lime slurry to neutralise acids. Coarse solids are then removed and the water passed into aeration basins where bacteria are introdnced to break down the contaminants. Purified water can then be returned to the Rhine, leaving an activated sludge. This sludge after the addition of lime slurry, iron salts, and ash is then itself dewatered in filter presses, pressed into solid cakes and burnt in an incinerator to prodnce carbon dioxide and ash.

The final link in the chain is the 240 hectare island of Flotzgrun, 80 hectares of which have been available to BASF since 1966 as a controlled dump. The sludge incineration plant has already generated more than 250,000 cubic metres of waste and this, together with more than 600,000 cubic metres of filter cake which it has so far proved impossible to burn, has already been taken to tha island. A daily barge service along the Rhine brings from the Ludwigshafen site other industrial waste—ranging from rubble to paper and packaging—which is not suitable for burning in the BASF furnaces. The dump has a capacity of 21m cubic metres and BASF believes it will last until early in tha next century when a new site—possibly another Rhine island—will be needed. The aim is to leave Flotzgrun a pleasant wooded environment and with this in mind the waste is being deposited in sloping layers, carefully graded for drainage, then re-covered with soil and planted with grass, shrubs and trees.

The system in effect matches a very large production unit—probably the biggest single chemical establishment anywhere in the world—with equally comprehensive facilities for disposal of waste. The cost to BASF has been high, though it retains as a result the advantages of having most of its operations on one site. The waste water treatment programme including the installation of a separate sewer system cost more than DM 450m (£112.5m), to which the municipal authorities made a small contribution commensurate with their use of it. BASF reckons, however, that from 1973-78 some 15 per cent of its total investment costs went on environmental projects. The operational costs incurred in running environmental protection equipment have also been rising and amounted in 1978 to DM 324m (£81m)—almost balf as much again as total profits in that year.

Fish return

Effluent treatment, inclnding the sewage plant, accounted for half of this with air purification costing a further DM 100m (£25m). Some 280 people are employed by BASF at Ludwigshafen on effluent and waste disposal alone.

The company's main concern is that its manufacturing costs are being affected by environmental protection demands at a time when not all competitors, even in the EEC, face the same charges. While the German contribution to Rhine pollution has decreased as a result of tough Federal Government regulations, the French continue to dump highly polluting salts into it further upstream.

The results have nevertheless been rewarding, not least the return to the Rhine of new fish and animal life. The pollution load downstream from BASF is now assessed as only moderate and there have been big increases in stocks of pike, perch, and eels as well as the occasional salmon.

Water on entering BASF's treatment plant averages 550mg per litre of biologically decomposable substances and is rednced to an average of only 30mg/l. The permitted maximum for the river is 40mg/l, and according to BASF the water it now returns is better in quality than when it extracts it. The system has also made for better relations with the surrounding community, though modifications—the construction of covers—have had to be introduced at the sludge aeration plant because of the smell in certain wind conditions.

The company believes, however, that the principal demands that could be made on it have now been met, paving the way for a second 100 years of making chemicals right in the heart of Europe.

COMMODITIES and AGRICULTURE

Plea for more cheese subsidies

By Richard Mooney

BRITISH CHEESE-MAKERS will be fighting for increased subsidies on exports to the U.S. at a meeting in Brussels today.

The EEC Commission recently cut the subsidy by 20 per cent to £254 a tonne in spite of trade pressure for a substantial rise.

They claim British cheese cannot be landed in the U.S. at less than $1.70 a pound with the subsidy at this level. By the time wholesalers' and retailers' margins had been added this would mean a shop price of around $4 a pound compared with under $3 for American-produced cheese.

The EEC has an annual quota of 43,500 tonnes, negotiated under GATT, for cheese sales to the U.S., but under the current terms sales are declining. Manufacturers of British cheeses, which generally lack the specialised attractions of Continental varieties, see little prospect of building up sales to balance the extra 15,000 tonnes of Commonwealth imports agreed under GATT. Unless something is done, U.S. traders with licences to import EEC cheese will switch to cheaper Australian, New Zealand and Canadian supplies, the British fear.

Mr. Chris Noonan, export director of Express Creameries, Britain's biggest independent cheese-maker, said British manufacturers would unite to press for "realistic" export subsidies at a meeting today

Outbreak of pig disease

By Our Commodities Staff

THE GOVERNMENT has ordered a halt to the unauthorised movement of pigs in parts of seven counties in an attempt to stop the spread of swine vesicular disease.

There have been nine outbreaks of the disease so far this year but the Government controls were prompted by five of these occurring in Lancashire and Greater Manchester.

Last year there were 43 outbreaks as a result of which 43,000 pigs were slaughtered and £2m was paid in compensation to farmers.

The counties affected by the control order are Cheshire, Derbyshire, Greater Manchester, Lancashire, Merseyside, North Yorkshire and West Yorkshire.

Argentina denies support for U.S. grain embargo

BY ROBERT LINDLEY IN BUENOS AIRES

ARGENTINA denied yesterday that it had agreed to support the U.S. embargo on grain sales to the Soviet Union—as claimed by the U.S. after the Saturday meeting in Washington of the leading grain exporting countries.

Sr. Jorge Zorrequeta, Argentine agriculture secretary, said market forces only would decide the final destination, either direct or indirect, of Argentinian grain shipments.

Sr. David Lacroze, director of Argentina's National Grain Board, who headed the country's delegation at the Washington meeting, also claimed that the statement by Dale Hathaway, Under-Secretary of U.S. Agriculture, after the talks did not "adequately reflect the situation."

Mr. Hathaway said on Saturday, after the grain exporters meeting, that there was general agreement that other countries would not directly or indirectly replace the grain that the U.S. would have shipped to the Soviet Union. He quoted the Argentinian delegation as saying its Government did not intend to take trade advantages from the present situation or seek to alter artificially the current demands of different markets.

However, Sr. Zorrequeta said there had been a wrong interpretation; Argentina's position had not changed since last week when a Government statement said it would not participate in a grains boycott against the USSR. This year Argentina expects to export 3.8m tonnes of wheat; 6.4m tonnes of maize; 2.6m tonnes of grain sorghum and 3.5m tonnes of soyabeans.

Meanwhile further talks were being held yesterday in the U.S. with representatives from Argentina and Brazil on the U.S. embargo of sales of soyabeans and other oilseeds to the Soviet Union. Brazil and Argentina are the second and third biggest exporters of soyabeans after the U.S.

Diana Smith writes from Brasilia: The Brazilian Foreign Ministry confirmed it had accepted an invitation to attend a meeting in Washington, of leading vegetable oil producers. The spokesman added that Brazil as major soya exporters naturally had an interest in talking to other countries about possible repercussions on the market of measures taken by the U.S. government.

However at the end of last week, both the finance minister, Sr. Karlos Rischbieter, and the agriculture minister, Sr. Amaury Stabile, publicly expressed the hope that Brazil's soya exports might benefit from the U.S. embargo.

Traditionally, Poland, Hungary, East Germany and Czechoslovakia have bought more soya products from Brazil than the USSR, but Sr. Rischbieter and Sr. Stabile's public musings indicated they hoped this would latter in 1980.

Sharp rise in world sugar

By Our Commodities Staff

CONTINUED TENSION in the Middle East prompted a sharp rise in the world sugar market yesterday with the London daily raws price gaining £10 to £178 a tonne. On the London futures market the May position gained £2.625 to £184.675 a tonne.

Dealers said the upsurge was also influenced by the ministerial changes in Cuba, which some suggested could have been prompted by a poor sugar crop.

In Sydney Mr. Lloyd Harris, chairman of the Australian Sugar Board, said the suspension of International Sugar Organisation export quotas would have no effect on Australian sales from the 1979 crop. The crush was completed last month and the mills are now closed, he said.

Bernard Simon writes from Johannesburg: South Africa's excess stocks of sugar available for export within the next three months will total between 50,000 tonnes and 100,000 tonnes, according to Mr. Peter Sale, general manager of the South African Sugar Association. Mr. Sale said, however, that the effect on South African exports of the lifting of ISO quotas has not been finally established.

Sugar production for the season ending in May 1980 is estimated at 2.05m tonnes, compared with 2.07m in 1978/79.

Mr. Sale said that South African exports of denatured sugar for animal feed will fall away now that ISO quotas have been suspended.

Metals firm after fresh gold rise

BY JOHN EDWARDS, COMMODITIES EDITOR

THE RENEWED surge in gold brought a generally firmer tone on the London metal markets yesterday. Silver prices rose sharply. The London bullion spot quotation at the morning "fixing" was increased by 134.75p to 1,756.1p a troy ounce and values moved further ahead in the afternoon to close around 1,815p. Free-market platinum jumped by £19.8 to £347.8 a troy ounce and its sister metal palladium reached a new all-time peak, gaining £3.75 to £96.85 a troy ounce.

On the London Metal Exchange copper cash wirebars closed £11 up at £1,036 a tonne, in spite of the firmer trend in sterling against the dollar.

Dealers claimed that trade selling was overshadowed by the rise in precious metals and a firm opening on the New York copper market. Cash tin advanced strongly on a renewal of the shortage of nearby supplies that has been a feature in the market for so long. But while the cash price for tin rose by £120 to £7,510 a tonne, the three-months quotation was only £10 higher at £7,235.

At the International Tin Council meeting later this week Malaysia is expected strongly to oppose the U.S. claim that it should base the value of the stockpile tin it plans to con[illegible] to the International [illegible] Council's buffer stock at the current market price level.

As expected copper stocks held in the LME warehouses fell again last week, declining by 2,425 tonnes to a total of 123,025 tonnes.

Other stocks changes: Tin up by 175 to 2,180 tonnes; aluminium up by 2,375 to 21,900 tonnes. Lead down by 300 to 17,225; zinc by 375 to 47,825 and nickel by 48 to 6,414 tonnes. LME silver holdings fell by 320,000 to 12,940,000 ounces.

No Malaysian rubber ban

KUALA LUMPUR — Official sources here said Malaysia has not imposed an embargo on rubber exports to the USSR in response to the Soviet incursion into Afghanistan.

One official source said Malaysia was only likely to take any such action if the United Nations imposed sanctions on trade with the Soviet Union.

Others said that if the 42-nation Islamic Conference, expected to meet in emergency session in Pakistan later this month to discuss the Soviet military intervention in Afghanistan, called for an Islamic trade boycott, Malaysia would probably go along with the decision.

Trade sources said they felt any embargo would do more harm than good, noting the Soviet Union was a steady buyer of Malaysian rubber.

Official statistics show the USSR imported 89,800 tonnes in the January/September, 1979, period out of total Malaysian rubber exports of 1.18m tonnes.

Meanwhile, a U.S. embassy spokesman said the U.S. had not asked Malaysia to consider banking palm oil exports to the Soviet Union.

Reuter

Kenya builds new gasohol plant

A K£30m gasohol plant now being built at Kisumu, Kenya, is to be commissioned in October and will take up all the molasses by-product of the big sugar mills.

The plant, managed by the Kenya Chemical and Food Corporation, is expected to earn Kenya some K£8m a year. It would need more than 180,000 ton of molasses a year by 1982—Kenya's total output by then—and is expected to produce about 20m litres of gasohol a year to be used initially in blending premium gasoline in Nairobi.

MALAYSIAN EXPORTS

When the luck runs out

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA IS becoming increasingly nervous about this year's prospects for its exports of rubber, tin and palm oil, of which it is the world's biggest producer.

These three commodities make up 45 per cent of its export earnings, and all three have had four good years. Last year was particularly buoyant for rubber and tin.

The outlook is still good and prices remain firm. But after such a long run of good luck and considering the woeful state of the industrialised economies, Malaysian leaders cannot help but feel apprehensive that the good times may soon be over.

Tin is causing most concern. The year started off with President Carter signing congressional legislation authorising the sale of 35,000 tonnes of tin from its stockpile.

In the past, such authorisation of tin releases would bring about a fairly steep fall in prices, but so far, the market appeared to have shrugged off such a major decision.

It makes Malaysian planners wonder whether other factors such as the political uncertainties in South-east Asia, and hedging activities, have halted the decline, or whether the price fall has merely been delayed.

The outlook for palm oil is also uncertain. Soyabean continues to expand rapidly, and competition among edible oils is expected to be keen. Malaysia's palm oil production is also expected to increase rapidly from 2.1m tonnes last year to over 4m tonnes by 1985. It is vital to find new markets for this additional tonnage.

India is currently the biggest market for Malaysian palm oil, taking over 300,000 tonnes last year. But India is an unpredictable and very new market. Four years ago, Indian purchases were insignificant.

Rubber prospects appear to be more attractive than those of tin and palm oil. Synthetic rubber is no longer a threat because of the rising prices of oil feedstocks.

Rubber prices are projected to remain firm in the coming years, but some Malaysian planners are beginning to feel that the stage may soon be reached when hikes in oil prices may work to the detriment of natural rubber.

"We are really praying the recession in the industrialised countries will not be too severe this year," says a senior Malaysian official.

The latest projections seem to indicate that rubber demand and prices would remain strong in spite of the economic downturn in the OECD countries. But another hefty oil price rise could well change the picture, and demand for rubber could plunge.

Thailand is also a major exporter of rubber, tin and palm oil, and Malaysia is worried that a collapse in the prices of these commodities would bring new stresses to the Thais.

Against this background, the Malaysian Primary Industries Minister will work this year to shore up confidence in the market and boost co-operation among producing countries. He will go to Bangkok for the second ministerial meeting of tin producers and attend the ITC meeting in London. He intends to visit Jakarta to discuss co-operation with his Indonesian counterpart.

In March, the Minister will lead an important mission to China to persuade the Chinese to buy more palm oil and rubber. He sees China as a big market for palm oil if the Chinese could be persuaded to use it for cooking.

A palm oil refinery joint venture would also be discussed. The Minister will visit New York later in the year to sign the International Rubber Agreement, which Malaysia regards as an important bulwark against wildly fluctuating prices.

Wool sales study

A DETAILED study of the main economic and technical issues of centralised wool selling will be undertaken by the National Council of Wool Selling brokers of Australia.

The council's president, Bruce Campbell said a large number of woolgrowers were strongly opposed to discontinuing sales at regional centres.

The study would assess the likely impact of centralised selling.

Mr. Campbell said among points which needed to be considered was the extent of any cost savings, the capacity of major marketing centres to handle larger and more frequent sales, the real prospect of selling all types by sample and the political and industrial implications of the move.

The council believes while the study is under way, sales should continue at present auction centres and more use should be made of sales by separation to improve woolgrowers' access to the auctions.

The second half of the 1979-80 Australian wool selling season opened firm with prices tending sellers' favour, wool industry and market sources said.

Preliminary figures show the trade bought 95.2 per cent of some 60,000 bales on offer in the week with AWC intervention buying at 3 per cent.

Meanwhile, storemen in Sydney, Melbourne, Adelaide, Newcastle, Albury and Geelong have struck over a pay dispute.

The men's action is expected to stop almost all wool shipments from affected centres after this week.

Reuter

Indonesian farm aid pledge

JAKARTA—President Suharto said in a Budget speech an additional 60,000 hectares of ricefields will be created under the new allocation of funds for the agriculture sector.

Funds for this sector this year total 516bn rupiah, up from Rup. 419bn previously, comprising Rup. 310.5bn for general production of food crops and Rup. 205.5bn for irrigation development.

The government will continue to intensify rice production and diversify into other food crops, he said.

Air would be given towards increased production to smallholders and private estates covering oil palms, cloves, pepper, sugar cane and tobacco. Rubber plantations, coconut and small coffee holders would receive aid through soft credit packets.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Higher on the London Metal Exchange but the forward price was volatile and unable to hold its best level. Trade selling caused an early fall from £1,072 to £1,060 before there was a recovery to £1,070 and a further relapse. However, Comex opened strongly, encouraged by the surge in gold and silver, and this took London as high as £1,080. But there was no followthrough and the price slipped to £1,066 before closing on the Kerb at £1,073. Turnover 22,075 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1034-5	+20	1095-7	+11
3 months	1065-6	+16½	1069-.9	+16½
Settlem't	1035	+20	—	......
Cathodes				
Cash	996-7	+15	1007-9	+15
3 months	1035-6	+21	1043-4	+17.5
Settlem't	997	+16	—	......
U.S. Prod	—	......	*110-18	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,036, 35, 34, three months £1,066, 67, 68, 69, 70, 71, 70, 69, 66, 67, 68, 67, 66, 65. Cathodes, cash £999, 97, three months £1,035. Kerb: Wirebars, three months £1,064, 65, 64, 63, 64. Afternoon: Wirebars, three months £1,075, 72, 73, 74, 75, 74, 75, 72, 71, 70, 69, 68, 69, 69.5. Cathodes, three months £1,044. Kerb: Wirebars, three months £1,070, 69, 68, 67, 65, 66, 69, 68, 70, 72, 73, 70, 73.

TIN—Steady with the main feature on the market being the technical lightness of nearby metal and the widening of the backwardation. Following the rise in the East over the weekend, forward metal started at £7,240 and remained around this price for most of the day, closing on the Kerb at £7,240. Turnover: 780 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7420-50	+115	7500-20	+120
3 months	7290-50	+20	7240-60	......
Settlem't	7450	+120	—	......
Standard				
Cash	7420-50	+115	7500-20	+120
3 months	7220-30	+30	7230-40	+10
Settlem't	7450	+120	—	......
Straits E.	‡$2107	+18		......
New York	—	......		......

Morning: Standard cash £7,400, three months £7,230, 20. Afternoon: Standard cash £7,450, 80, early-March £7,270, three months £7,230, 20, 40. Kerb: Standard three months £7,230, 40.

LEAD—Steady despite further producer price cuts in North America. The market was encouraged by the strength of precious metals and with some demand for nearby metal the backwardation widened slightly. Forward metal held in a narrow range climbing gradually from £436 to a close on the Kerb of £440.5 after a moderately active day's trading. Turnover: 9,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	439-40	+9	432-40	+2
3 months	437-8	+3	437-8	+.5
S'ment	440	+5	—	......
U.S. Spot	—	......	*50	......

Morning: cash £438, three months £437, 36, 37, 38, 39, 40, 39, 38, 37, 36, 37, 38. Kerb: three months £439, 38, 37, 36. Afternoon: cash £440, three months £440, 39, 38, 37, 38. Kerb: three months £438, 39, 38, 37, 35, 37, 40, 39, 40.

ZINC—Slightly easier as forward metal traded in a narrow range. After being quoted at £345-£348 pre-market, it held just under this level throughout the day, closing on the Kerb at £343.5. Turnover: 4,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	330-1	+5.25	330-1	—3.5
3 months	344-5	+4	344-5	—5
S'ment	331	+5.5	—	......
Prim w'ed	—	......	*97.5	......

Morning: three months £347, 48, 47.5, 48, 47, 46, 45. Kerb: three months £345. Afternoon: three months £345, 44. Kerb: three months £344, 43.

ALUMINIUM—Stronger in fairly active trading. Forward metal started at £890 and fell back to £885 before buying from one influential source caused a rise to £903. This brought out heavy trade selling and the close on the Kerb was £895. Turnover: 6,650 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	[illegible]	[illegible]	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

NICKEL [illegible]

SILVER [illegible]

COCOA

Although steadier at the opening, futures failed to make the dues, and [illegible]

RUBBER

The London physical market opened steadier, with good interest throughout the day, closing quietly steady. Lewis and Peat reported a Malaysian godown price of 322.5 (321) cents a kg (buyer, February).

[illegible]

COFFEE

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 14 1980	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN MARKETS

NEW YORK, January 14.

CONTINUED TENSION in Iran and Afghanistan and reports that Russian troops were building up on the Iranian border maintained a firm tone to precious metals. Sympathetic buying from gold strengthened copper values. Coffee was weak on speculation that Brazil would lower prices to stimulate exports. [illegible]

Live Cattle—Jan. 66.40 (65.87), Feb. 66.30-66.15 (66.95), April 68.60-68.70, June 70.90-71.00, Aug. 71.10-71.20, Oct. 69.70, Dec. 70.70, Jan. ——.

Live Hogs—Feb. 40.60-40.70 (40.45), April 39.30-39.55 (39.02), June 42.90-43.00, July 43.70-43.75, Aug. 42.65-42.60, Oct. 41.70-41.75, Dec. 43.75, Feb. 45.60, April 45.00.

[illegible]

EUROPEAN MARKETS

ROTTERDAM, January 14.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $195, March $197. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Feb. $186, March $188. U.S. No. 2 Northern Spring, 14 per cent, Jan. $199, Feb. $205, March $207, April-May $197, May-June $197.

Maize—U.S. No. 3 Corn Yellow Jan. $127, Feb. $127, March $130 traded, afloat $131, Jan. $127.50, Feb. $127, March $131, April-June $138, July-Sept. $142.50, Oct.-Dec. $146.50 sellers.

Soyabeans—U.S. No. 2 Yellow Gulfports Jan. $262, Feb. $268.25, March $271.50, April $278, May $279.50, June $288.25, July $286.75, Aug. $291, Sept. $292.25, Oct. $294.25, Nov. $293.75, Dec. $300.50, Jan. $304.50, Feb. $312.25, March $318.50. Brazil Yellow Feb. unquoted. Argentine May $275.25.

Soyameal—44 per cent protein U.S. afloat $252, Jan. $245, Feb.-March $242, April-Sept. $245. Brazil Pellets afloat $265, Jan. $263, Feb. $262, March $249, April-May $248, April-Sept. $252.

PARIS, January 14.

Cocoa (FFr per 100 kilos)—March 1327-30, May 1319-25, July 1320, Sept. 1340-48, Dec. 1340-60, March 1345. Sales at call 2.

Sugar (FFr per 100 kilos)—March 1714-15, May 1717-18, July 1719-30, Aug. 1727-30, Oct. 1730-50, Nov. 1725-50, Dec. 1735-70, March 1751-70. Sales at call 66.

INDICES

FINANCIAL TIMES

Jan. 11	Jan. 10	M'nth ago	Year ago
290.18	288.41	297.87	261.02

(Base: July 1, 1952=100)

MOODY'S

Jan. 11	Jan. 10	M'nth ago	Year ago
1301.2	1357.2	1206.2	990.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 11	Jan. 10	Month ago	Year ago
Spot	417.81	411.47	411.70	411.70
F'tur's	428.66	421.01	418.88	383.76

(Average 1924-25-26=100)

REUTERS

Jan. 11	Jan. 10	M'nth ago	Year ago
1683.4	1681.4	1691.5	1501.6

(Base: September 18, 1931=100)

3.40; 20-kg 3.60-4.50; Jaffa: Large boxes 32/88s 3.60-4.80; Florida: Pink flesh 36/48s 4.80-5.80. Sours/Bitters—Spanish: 4.30-4.50. Apples—French: Golden Delicious, boxes 40-lb 138/175 4.60-5.40; 20-lb 2.30-2.80; jumble pack 31-lb 2.00-2.80; Granny Smith 20-lb 2.70-3.20, 40-lb 5.60-6.20. Starkcrimson, approx. 20-lb 72s 2.60; 40-lb 5.60-6.30; Hungarian: Starking 40-lb 138s 6.00; Canadian: Red Delicious 40-lb [illegible]

haddock £3.70-£3.90. Large plaice £3.50-£4.00, medium 3.30-£3.70, best small £3.50-£3.70. Skinned dogfish (large) £10.00, (medium) £8.00. Lemon soles (large) £10.00, (medium) £8.00.

TEA AUCTION

LONDON TEA AUCTION — 48,715 packages [illegible]

Kenning improves but warns on current year

PROFITS before tax of Kenning Motor Group increased slightly from £8.27m to £8.45m in the year ended September 30, 1979 and a final dividend of 3.75p raises the total from 4.63p to 5.5p.

However, the directors say a larger increase in the dividend would hsve been justified if prospects looked brighter—at present it seems certain that results for the current year will prove to be disappointing, they state.

The year has started badly with higb interest rates and increased overbeads combined with low demand for new vehicles and a sluggish second hand market having an adverse effect on profitability.

Turnover for 1978-79 improved from £215.06m to £235.65m. Tax takes £2.11m (£2.21m) giving earnings per share of 19.8p against 19p.

Results of the Rhodesian subsidiaries have been excluded but show profits for the year to June 30, 1979 (in Rhodesian dollars) of $2.14m against $1.88 before tax of $1.01m ($925,000).

Commenting on the group's results, the directors say motor depots suffered from intense competition due to severe price cutting and higb finance charges. Profits from contract hire fell but car and van hire produced record figures despite a falling off in the tourist trade.

Although competition remained fierce, Kenning Tyre Services maintained its improvement and profits were sharply up—the tyre services and other activities continue to do well, the Board states.

Turnover of the subsidiary, Kenning Estates, was up slightly from £1.75m (£1.77m in 197-79) and profits were £1.81m compared with £1.4 previously.

Profit is struck after interest of £254,000 (£269,000), interest received, £558,000 against £310,000 but before tax of £840,000 compared with £732,000.

● comment

Coming after the gloomy figures from Meun Egerton and Heron recently, the albeit modest profits rise at Kenning is a welcome relief. The Leyland distribution side not surprisingly made a lower contribution and contract hire was bit by lower vehicle disposal values and high interest rates but other activities performed well, vindicating the group's policy of diversifying away from BL and distribution generally. BL distribution looks set for a very poor 1980 but this is now a fairly small portion of the business, probsbly accounting for no more than 15 per cent of profits, and the pessimistic forecast may prove unwarranted given the resilience of several other sectors, including petrol retailing and tyres. A dip in profits on a comparative basis looks likely but Rhodesia may be consolidated this year, in which case the long run of unbroken earnings rises could well be maintained. Consolidation would also strengthen an already bealthy balance sbeet. The company's decision not to break down figures by division makes the future bard to discern but the stated p/e of 3.3 at 68½p is hardly demanding while the yield is currently an attractive 12.1 per cent.

HIGHLIGHTS

On a day when long-dated gilt-edged stocks rose two points and equities were strong, Lex looks at the amount of Government funding that is still to be done to meet monetary targets by the end of the financial year. The Inland Revenue has published a consultative document which looks into the terms of foreign leasing contracts after the abolition of exchange controls. On the companies front Lex looks forward to the next step in the Bowring/Marsh and McLennan bid saga following yesterday's Bowring rejection, and appraises Boeing after its London stock market debut yesterday. On the inside pages there are comments on Restmor and Kenning.

Ashley Ashwood

Mr. George Kenning, chairman of Kenning Motor Group . . . a rough ride ahead in the current year.

Kitchen Queen statement to reassure anxious shareholders

BY ARNOLD KRANSDORFF

THE directors of Kitchen Queen Group, the furniture manufacturing and carpets company, were meeting yesterday to prepare a hurried statement ahead of the annual meeting on Thursday.

This follows a sharp fall in the company's shares from 40p last Thursday to 28p yesterday—a price 1p below the level at which they were offered for sale in November, 1978.

After a meeting which lasted several hours, the directors said a statement would be released this morning.

It is understood that it will clarify recent speculation that targets are not being met. The directors are likely to indicate that the company will break even in the first half to February.

This follows a £1.81m profit in the whole of last year—in line with the prospectus forecast. The offer was oversubscribed by more than 30 times and the shares were standing at 60p at one stage.

The current problems are thought to involve Knott Mill, the recent £2m acquisition, and the flatpack kitchen furniture subsidiary, Di Lusso Kitchens.

The Moheo Home Improvements subsidiary, another recent acquisition, is understood to be trading in line with expectations.

There have been two major disposals of shares since the offer for sale. Last August Industrial and Commercial Finance Corporation sold its 1.69m shares in the company while the following month Mr. Peter Scott, a former chairman of Knott Mill, sold 1.74m shares after resigning his post.

Kitchen Queen was brought to the market by stockbrokers Halliday Simpson.

Good market debut for Emess

Emess Lighting, a manufacturer and importer of domestic and industrial light fittings, had a successful market debut when trading started yesterday.

The shares, which were placed at 80p, opened at 98½p and closed at 103½p after being fractionally higher earlier in the day.

Jobbers described trading as "reasonable given the market conditions and the fact that only 400,000-odd shares (36 per cent of the company) were around."

Emess came to the market following a reverse take-over of Era Ring Mills.

Bett Bros. on target at £2.3m

TAXABLE PROFITS of Bett Brothers reached £2.31m in the year to August 31, 1979, in line with the mid-term forecast of about £2.2m. Last year, profits of the building and public works contractor totalled £2.04m.

At halfway, the pre-tax surplus was down from £1.07m to £0.87m, reflecting the effect of the bad winter on construction activities.

After tax for the year of £1.19m, compared with £1.09m, net profit came through higher at £1.12m, against £0.94m.

The net total dividend per 20p share is raised from 1.9003p to 2.5p, with a final of 1.5p.

Richards sees sharp fall this year but confident of recovery

A SUBSTANTIAL financial loss resulting from a fatal accident at its dyehouse and the depressed state of the UK carpet industry mean that current year profits of Richards, manufacturer of synthetic and industrial yarns, canvas and fire hose, will be considerably less than the previous year's £805,000, says Mr. A. R. Robertson, the chairman.

Members are told in his annual statement that while the causes of last September's accident are still under investigation, it would be improper to make any further comment or attempt to predict the final outcome of the investigation.

"However, we must expect that the financial loss will be substantial and that the figures for 1979-80 will be affected," Mr. Robertson states.

Despite his forecast of a downturn this year, the chairman says the group has the strength and enthusiasm to overcome the challenge.

He explains that the group's long-term strategy has been reviewed and it is intended to carry out a major re-organisation of the company, which is at an advanced stage of planning.

The result will be a more slimmer, more efficient and more profitable company, he adds, while much of the cash required for modernisation can be generated from internal resources.

Pre-tax profits for the year ended September 30, 1979, rose by over 14 per cent on slightly lower turnover, although the transport strike cost the company some £100,000 in lost profit —as reported December 14.

The dividend total is being lifted from 1.155p to 1.45p net per 10p share and, despite the extremely difficult year ahead, the chairman expects this rate to be maintained.

Meeting, Aberdeen, February 6, noon.

Improvement at Murray Northern Tst.

Pre-tax revenue of Murray Northern Investment Trust, formerly the Second Great Northern Investment Trust, improved from £412,493 to £440,126 for the six months to November 30, 1979.

After tax of £159,269 (£176,262) stated earnings per 25p share moved ahead from 1.54p to 1.7p. As already known, the interim dividend is raised to 0.8p (adjusted 0.533p)—last year's final was an equivalent 0.966p on £759,000 taxable revenue.

Restmor £0.75m but margins lower

PRE-TAX profits of the Restmor Group, manufacturer of baby carriages and nursery furniture, increased from £564,904 to £750,321 in the half-year to October 31, 1979, but, as forecast in the group's annual report, margins have been eroded.

Turnover moved ahead from £4.3m to £6.21m, thus maintaining the upward trend. In the last financial year turnover was £9.3m producing pre-tax profits of £1.2m.

The interim dividend is increased from 0.28p to 0.5p—last year's total was 3p.

The policy introduced in 1978 of enlarging product ranges and at the same time investing in plant and machinery will be pursued. But Mr. I. M. Abram, the chairman, expresses difficulty in forecasting the outcome for the remainder of the year, especially as inflation is running at a high level.

Corporation tax accounts for £390,167 against £293,750, leaving profit after tax of £360,154 (£271,154).

● comment

Restmor has benefited from increased sales. Turnover was up by 45 per cent in the first half and pre-tax profits could have been expected to rise by even more than the healthy 32.8 per cent had it not been for slipping margins. The margins have been eroded partly because of the group's inclination to absorb raw material cost increases. In the current year, difficulties related to the steel strike, petroleum-based plastics and the level of consumer spending could all be disquieting for the group. On the other hand, the order book is full, borrowings are non-existent and the group's main customer, Mothercare, still takes about 50 per cent of Restmor's output. The UK birth rate is also on the rise, a good thing for a maker of baby carriages and nursery furniture. The interim dividend has been raised sharply and if the net total were to reach 4p this year the yield would come to 6.2 per cent at 92p, up 8p yesterday. If the group's current-year earnings come to, say, £1.3m before tax, the fully-taxed p/e would be 7.6.

Howard Shuttering rises to £0.3m at six months

TURNOVER of Howard Shuttering (Holdings) edged ahead from £1.73m to £1.8m for the six months to October 31, 1979, while pre-tax profits of the contracting, plant hire and development group expanded by £82,587 to £301,543.

In the last annual report, Mr. J. A. Howard, the chairman, forecast continued growth in the current year.

From half-yearly stated earnings of 2.9p (2.1) per 10p share, the interim dividend is increased from 0.54p to 0.8p net—the total last time was 1.54p on profits, before tax, of £409,969.

Tax for the six months took £156,802 (£113,857) giving net profits up from £105,09 to £144,741.

Claverhouse

Revenue for 1979 of Claverhouse Investment Trust increased from £442,820 to £604,862, struck after tax of £270,092 against £221,745.

Gross revenue rose by £220,210 to £919,482. Earnings per 50p share were stated higher at 6.065p (4.43p), and the dividend total is lifted from 4.4p to 5.95p net, with a final of 3.7p.

At the year-end, net asset value per share was 115.72p, compared with 110.77p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bett Bros.	1.5	March 17	1.13	2.5	1.9
Claverhouse Inv. Tst.	3.7	March 4	2.9	5.95	4.4
E. Elliott ...int.	1	Feb.211	1	—	3.5
Havard Shuttering ...int.	0.8	March 3	0.54	—	1.54
Jitra Rubber	2.2	—	1.9	2.2	1.9
Kenning Motor	3.75	April 1	2.88	5.5	4.63
Restmor Group ...int.	0.5	March 7	0.28	—	3

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

BIDS AND DEALS

Bowring rebuffs offer by Marsh & McLennan

BY JOHN MOORE

C. T. Bowring and Co., the British insurance broker with banking, credit finance and large Lloyd's of London interests, has rebuffed a £245m planned bid by Marsh and McLennan Companies of the U.S., the world's largest insurance broker.

Bowring said yesterday that "the Board continues to believe the acquisition of control of Bowring by Marsh and McLennan would not be in the interests of the group as a whole, the businesses operated by the group, the clients and other interests which the Bowring Board must consider.

"Prominent among those interests are the Bowring group employees, many of whom have expressed serious disquiet."

Marsh had given Bowring seven days to respond to its proposal which stipulated that, if the bid was to go ahead, Bowring had to agree not to seek to frustrate the offer.

Last night the Marsh and McLennan Board was meeting in New York to consider its next move.

Mr. Gilbert Cooke, Bowring's managing director, stresed yesterday that the directors of Bowring did not think it appropriate to make anything other than a preliminary comment.

He added that even if an offer weer made by Marsh and McLennan "it could not be made for some time"; that there are significant regulatory clearances required; and that any offer would raise serious questions of public policy "which must be considered by the relevant authorities."

A major hurdle which Marsh would have to overcome is the Office of Fair Trading which has been studying the bid closely. Depending on its findings, the OFT has the power to recommend to the Department of Trade whether any bid should be referred to the Monopolies and Mergers Commission.

Lloyd's has decided not to abandon its rule which prevents insurance interests outside its market from holding normally not more than 20 per cent of an approved Lloyd's broker until a working party under the chairmanship of Sir Henry Fisher, which is studying self-regulation, has reported in April.

The Bowring group added that the indication of the terms—"as formulated by Marsh and McLennan (expressed in a specific number of common shares of Marsh and a specific dollar amount in cash) can only be valued if and when an offer is actually forthcoming.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Diamond Stylus, Group Investors, GT Japan Investment Trust, Lynton Holdings, Weiman Engineering.
Finals: Gough Cooper, Kitchen (Robert Taylor), SGB.

FUTURE DATES

Interims—	
Amber Day	Jan. 22
Brown (John)	Jan. 25
Midland Trust	Jan. 28
Stoddard	Jan. 31
Wholesale Fittings	Feb. 1
Wigfall (Henry)	Jan. 17
Finals—	
Clifton Investments	Jan. 18
Ladies Pride Outerwear	Feb. 11
Leda Investment Trust	Jan. 21
Lookers	Jan. 23
Mixconcrete	Mar. 27

Trusts call for more details on Hume unitisation proposals

THE DIRECTORS of Carliol Investment Trust and the Tyneside Investment Trust have called on Hume Investment Trust to give more details of its unitisation proposals.

Hume, which is part of Rothschild Investment Trust, announced its plans last week at the same time revealing that it has bought a 17.5 per cent stake in Carliol and a 14 per cent share in Tyneside.

Now the Boards of Carliol and Tyneside say they have decided to invite Hume to submit specific unitisation proposals. In a letter to the shareholders they promise that, when these are received, the directors and their advisers will "give them careful and objective consideration in the interest of all shareholders, stockholders and employees."

The letter notes that the Boards of both companies have regularly reviewed the structure of Carliol and Tyneside during recent years. It recalls that "during 1977 and 1978 merger proposals were brought to an advanced stage but had to be abandoned owing to unexpected taxation problems."

The letter adds: "Your Boards have also, from time to time, considered whether it would be in the interests of members to unitise the two trusts but have so far concluded that the balance of advantage lay in retaining the existing structure."

Hume said last week that it intends to invite Target Trust Managers, a wholly-owned subsidiary of Dawnay Day Group, to co-operate in the unitisation proposals.

Hume has just won control of Dawnay Day and its offer has gone unconditional as to acceptances though the take over still has to be cleared by the Secretary of State for Trade under section 53 of the Insurance Companies Act 1954.

MONTAGU STAKE IN JORDAN BANK

Samuel Montagu has subscribed for a 5 per cent shareholding in Jordan Securities Corporation, a newly formed merchant bank based in Amman, Jordan, and has entered into an agreement for the provision of technical advisory services.

The share capital of JSC is 2m Jordanian dinars. The other shareholders include 20 leading Jordanian financial institutions from both the public and private sectors, together with International Finance Corporation (10 per cent), Kuwait International Investment Company (10 per cent), European Arab Bank (5 per cent), and some 2,000 private Jordanian investors.

MAMOS IN £0.4M GARAGE PURCHASE

MAMOS Motor Group, the London motor distributor, has paid some £400,000 cash for Adcocks Group of Garages, the West Sussex-based main dealer for Talbot, Lada and Datsun.

MAMOS, a subsidiary of Gieves Group, is buying Adcocks from International Land Investments, a private property company.

Adcocks, which has three outlets in Bognor Regis and three in Chichester, had a turnover of £3m in 1979 and profits were £75,000. MAMOS, which operates through 16 outlets, made profits of £211,000 in 1978/79.

The deal includes leasehold industrial premises in Chichester extending to 18,000 sq. ft. and leasehold showroom premises in the centre of Bognor Regis totalling 2,400 sq. ft.

In addition, MAMOS has been granted a £10,000-a-year lease of Humber House in Chichester. It has also acquired the freehold interest of the Service Department at Barrack Road, Chichester, as well as the freehold at 1, Bognor Road, Chichester.

SEARS/WALLIS

The Sears Holdings offer for Wallis Fashion is wholly unconditional and remains open. Acceptances have been received in respect of 9.71m ordinary (93.4 per cent) and 117,175 6¼ per cent preference (90.13 per cent).

RYLAND OFFER UNCONDITIONAL

Offers of 2p a share on behalf of Ryland Vehicle Group for all the A ordinary and B ordinary of R. A. Dyson and Co. which Ryland does not already own have been declared unconditional and will remain open for acceptances until further notice. Cheques to accepting shareholders will be despatched on February 1, 1980.

Acceptances of the offers have been received in respect of 321,820 "A" ordinary and 223,754 "B" ordinary. Ryland owns or has received acceptances for 67.4 per cent of the "A" and 55.8 per cent of the "B" ordinary.

UNILOCK TO BUY ERGONOM INTNL.

UNILOCK HOLDINGS, one of the companies traded on M. J. H. Nightingale's "Over-the-Counter" market has conditionally agreed to acquire Ergonom International Holdings in exchange for an issue of Unilock shares.

Full details of the agreement, which requires shareholders approval, will be circulated to shareholders along with notice of the extraordinary general meeting at which the necessary increase in share capital will be proposed.

Ergonom operates as importers and distributors of office furniture systems and as interior designers, contractors and contract furnishers both in the UK and overseas.

SHARE STAKES

Anchor Chemical — Sartomer Industries has purchased a further 35,000 ordinary shares, making an aggregate total of 18 per cent.

Common Brothers Group—Electra Investment Trust Ltd. is interested in 419,500 ordinary (13.94 per cent).

Charles Clifford Industries—Jove Invest Trust now hold 100,000 shares (7.5 per cent).

Burndene Investments — Mr. I. C. Caldow has acquired 160,000 shares taking holding to 2,792,725 shares (equal to 20.7 per cent).

British Electric Traction—Mr. G. F. Gray, director of B.E.T. Omnibus Services, has disposed of 114,100 shares.

Cawdaw Industrial Holdings—Mr. J. R. Lucey is interested in 348,522 ordinary shares.

Mr. Ferguson quits board of Burnett & Hallamshire

MR. ALAN FERGUSON, who masterminded last autumn's complex acquisitions by Burnett and Hallamshire, the coal mining group, has resigned from the Board. His private company, Temple Investment and Finance, has also placed part of the equity acquired during the deals last year.

Temple now intends to retain 11.9 per cent of Burnett's share capital "as a long-term investment."

Last July, Mr. Ferguson injected his own mining interests into Mining Investment Corporation prior to a bid for Mincorp from Burnett.

As a result of the moves, and the enfranchisement of Burnett's non-voting shares, Temple obtained 15 per cent of Burnett's enlarged equity and Mr. Ferguson went on to the Board.

Now Mr. Ferguson has moved on again to "concentrate on his personal interests."

Wellcome profits show little change at £51m

GROUP SALES of the Wellcome Foundation, drugs group, increased 8 per cent from £381.7m to £411.6m in the year to August 25, 1979, but pre-tax profits improved by only 1 per cent from £51.14m to £51.62m.

The stronger pound had an adverse effect on the group, states Mr. A. J. Shepperd, the chairman in his annual report. Had sales and profits for 1978 and 1979 been compared in local currency terms, the increases would have been about 18 per cent and 16 per cent respectively. Foreign exchange losses amounted to £9.7m against £3.2m in the previous year.

Exports from the UK made a further advance to a record level of £94m.

Tax was little changed at £27.8m against £27.6m. Attributable profit was £24.2m (£23.4m) and distributions to the Wellcome Trust increased by £1m to £8m. Retained profit was down marginally from £16.42m to £16.2m. Reserves at the year end stood at £163.2m (£113.4m).

Mr. Shepperd states that major properties of the group throughout the world were valued by independent professional valuers at August, 1979 and this gave rise to a surplus of £46m which was taken to reserves.

He says that if the group is to remain in the forefront of its technology, it must equip itself well for the future by providing advanced facilities to the research staff.

With this in mind, work has commenced on the construction of a new organic chemistry research building at Beckenham, Kent, costing about £10m and which will take two years to complete.

A number of promising developments have been achieved by the company including prostacyclin, discovered almost four years ago, which is intended for use in heart/lung by-pass operations and in various vascular diseases.

Another new Wellcome vaccine, Gletvax, for the protection against bacterial infections in pigs, has been well received.

Speaking of the group's future, Mr. Shepperd says: "We expect to hold our own in the difficult trading times which are anticipated. We are generally operating around the world under price constraints which are applied too rigorously and can only harm the search for new products."

All the shares of the Wellcome Foundation Limited are owned by the Wellcome Trustees who apply all distributions to the support of medical and allied research in universities and hospitals throughout the world.

Since August 1979, the group has arranged considerable long-term finance in both the UK and U.S., £25m of which is reflected in the current statement of accounts. These monies are in advance of capital expenditure.

SPAIN

January 11	Price %	+ or —
Banco Bilbao	205	
Banco Central	220	
Banco Exterior	212	
Banco Hispano	210	−1
Banco Ind. Cat.	136	
Banco Madrid	175	
Banco Santander	239	−4
Banco Urquijo	177	−5
Banco Vizcaya	209	−2
Banco Zaragoza	205	
Dragados	100	
Espanola Zinc	58	
Fecsa	56.5	+0.5
Gal. Preciados	35	+2
Hidrola	61.7	+0.2
Iberduero	60.2	−0.5
Petroleos	113	−2
Petroliber	73	
Sogefisa	115	
Telefonica	54.7	+0.7
Union Elect.	61.2	−1.5

UK COMPANY NEWS

The Wellcome Foundation Limited

Report for the year ended 25 August 1979

	1979	1978
Capital employed	£305,700,000	£218,600,000
Group Sales	£411,600,000	£381,700,000
Profit before tax	£51,600,000	£51,100,000
Profit after tax	£23,900,000	£23,600,000
Expenditure on research end development	£39,100,000	£33,400,000

"Total group sales were £412 million, en increase of 8% on the previous year," says Mr. A. J. Shepperd, Cheirman of The Wellcome Foundation Limited, in his ennual review. Group profits before tax were £51.6 million compared with £51.1 million, an increase of 1%. Net ettributable profits emerged somewhet higher et £24.2 million compared with £23.4 million.

"The effects of the stronger pound are adverse to this group end if sales and profits for 1978 end 1979 are compared in local currency terms, the increases would have been epproximetely 18% and 16%, respectively.

"Foreign exchange losses amounted to £9.7 million compared with £3.2 million in the previous year: a relative disadvantage suffered by this last year of £6.5 million.

"The results for the year under review speek well for the underlying strength of the group and the spread of its markets.

"Our exports have progressed to e new record level. The Queen's Award for Export Achievement was again given to the company for its 1978 results.

"Our capital expenditure for this last year in the United Kingdom amounted to £12 million and the group total was £27 million.

"In order more properly to reflect the underlying asset values of the group, mejor properties throughout the world were valued by independent professional valuers at August 1979. This gave rise to e surplus of £46 million which has been taken to reserves. Without this surplus the group's net geering position would have remained substantially the same as last year.

"Our view of the immediate future is that we expect to hold our own in the difficult trading times which ere anticipated. This industry is not immune from world economic edversity, nor is it eble to manoeuvre its trading positions with the flexibility enjoyed by some other industries. We ere generally operating eround the world under price constraints which ere applied too rigorously end can only harm the search for new products. We must hope for proper consideration in the metter of prices and we must elso hope that good counsel will prevail upon those who are in a position to affect the level of inflation in this country."

The Wellcome Foundation Limited is an international group of pharmaceutical and chemical companies with heedquerters in the United Kingdom. Under the will of Sir Henry Wellcome, ell distributions received by the trustees who are the sole shareholders are applied by them to the support of medical end veterinary research in universities and hospitals throughout the world.

Wellcome

NOTICE OF REDEMPTION

to the holders of

ORIENT LEASING (CARIBBEAN) N.V.

9¼% Guaranteed Notes 1981

Notice is hereby given that pursuant to the provision of the Notes, Manufacturers Hanover Limited, as Fiscal Agent, bes selected for redemption on 15th February, 1980 at 100% of the principal amount thereof US$2,500,000 principal amount of said Notes bearing the following distinctive numbers:—

11	145	285	460	597	757	866	1017	1180	1351
19	159	289	470	601	774	878	1021	1187	1357
27	181	290	472	607	783	883	1032	1188	1358
30	171	294	482	610	794	905	1037	1211	1364
31	174	296	489	612	796	910	1049	1227	1375
34	177	311	490	623	797	924	1051	1229	1376
45	178	322	494	635	800	934	1055	1236	1383
52	184	332	495	645	809	936	1058	1242	1385
55	194	350	512	648	810	938	1059	1257	1391
59	197	352	513	655	816	942	1078	1264	1393
81	209	366	526	665	817	946	1083	1267	1407
62	211	371	537	872	820	957	1087	1270	1408
69	218	411	539	677	821	959	1088	1279	1412
86	225	414	550	680	822	961	1090	1281	1419
91	227	418	557	692	828	963	1095	1291	1425
94	229	420	560	896	830	964	1100	1300	1437
95	233	426	567	700	831	966	1103	1306	1442
103	239	428	568	712	833	976	1125	1310	1443
116	241	430	575	715	837	978	1132	1311	1447
117	250	431	578	723	848	981	1153	1313	1449
119	257	439	580	737	850	989	1160	1314	1468
129	258	443	582	739	853	1003	1167	1317	1469
137	269	447	584	741	858	1010	1172	1322	1472
142	280	454	585	742	863	1012	1177	1331	1479
144	281	459	593	748	865	1016	1179	1337	1489

On 15th February 1980, the Notes designated above will become due and payable at the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment therein of public and private debts and will be paid upon surrender thereof at the Chase Manhattan Bank (National Association), Woolgete House, Coleman Street, London EC2P 2HD, or at the option of the bearer but subject to any laws and regulations applicable thereto at the offices of Banque da Commerce S.A., 51/52 Avenue des Arts, Brussels, Chase Manhattan Bank Luxembourg S.A., 47 Boulevard Royal, Luxembourg, Chase Manhattan Bank (Switzerland), Genferstrasse 24, Postfach 162, 8027 Zurich, The Sanwa Bank Limited, Garrard House, 31/45 Gresham Street, London EC2V 7ED.

Notes surrendered for redemption sbould have attached all unmatured coupons appurtenant thereto. Coupons due 15th February, 1980 sbould be detached and collected in the usual manner.

From 15th February, 1980 interest shall cease to accrue on the Notes designated above for redemption.

ORIENT LEASING (CARIBBEAN) N.V.
by Manufacturers Hanover Limited
8 Princes Street
London EC2P 2EN

NEW LIFE BUSINESS

New premiums total up 17%

BY ERIC SHORT

THE UK life assurance industry had another successful year in 1979 taking all the various sectors together, according to 6gures issued yesterday by the life associations.

New annual premiums for life assurance, annuity and pensions businese rose by 17 per cent from £1.38bn to £1.62bn and single premiums, and annuity considerations by the same amount from £539m to £630m.

New sums assured totalled £49.9bn against £44.9bn and new annuities per annum £1.78bn compared with £1.64bn.

This rise in annual premiums is well below the 28 per cent advance achieved in 1978. But that was an exceptional year with pensions business booming as a result of the introduction of the new State pension scheme.

In addition, the house purchase market was buoyant and both executive and self-employed pensions had record sales.

Some commentators at the beginning of 1979, including Mr. Peter Sharman, the outgoing chairman of the Life Offices' Association, felt that with conditions looking gloomy the industry would be hard put to get an advance in new business during the year.

In the event, this turned out to be a gloomy forecast and the rise achieved would normally be regarded as satisfactory—having matched inflation.

But the results so far issued by individual life companies shows a rather varied picture. The companies with strong field staffs selling direct to the public have done much better, in general, than life companies selling through insurance brokers and other intermediaries.

Linked-life business has done exceptionally well in regular premium business, boosted by its use in tax planning. Although no separate figures are yet available, they could be 75 per cent above 1978's record level.

Last year was also a very good year for industrial life business in general, and in all life business sold by the home service companies whose agents call at the homes of policyholders. This business was boosted by the change in the method of granting tax relief on life assurance premiums, which had particular significance for industrial business. New annual premiums on industrial business rose by one-third to £177m.

It was also a good year for traditional life business on those contracts connected with mortgage repayment. Many life companies stepped up their funds available for top-up mortgages. With the mortgage market under pressure, this proved to be a valuable source of new business, since the whole of the mortgage has to be repaid by an endowment assurance.

New company pensions business held up surprisingly well last year after the expansion in 1978. Much of this growth last year came from natural increases on existing schemes as benefits were lifted in line with inflation. The executive pension market continued to 6ourish, but business fell awey in the self-employed sector, somewhat surprisingly.

The boom in single premiums business came entirely from the sales of short-term high yielding income bonds, where maximum use is made of the tax relief given to regular saving life contracts.

It is estimeted that around £140m was sold last year compared with ebont £20m in 1978. Sales of linked life bonds almost certainly declined in 1979, following a dull year in 1978.

Mr. Leonard Hall, chairman of the LOA, expressed satisfaction with these 6gures, with the pensions business being expected after the upsurge in 1978.

Leonard Hall
Chairman Life Offices' Association.

INDIVIDUAL RESULTS

HEARTS OF OAK

The Hearts of Oak Bene6t Society saw new annual premium income rise in 1979 by 23 per cent from £1.18m to £1.45m, of which £690,000 was conventional life business and £758,000 (up 44 per cent) was property linked business. But single premium business was halved at £28,000 against £57,000.

CANNON ASSURANCE

Significantly improved new life business figures are announced for 1979 by Cannon Assurance, now part of the Alberta-based Cascade Group. New annual premiums rose by 60 per cent from £1.5m to £2.4m, much of this growth coming from sales of linked life savings plans, both ordinary and maximum investment. Linked business almost doubled in 1979. Pensions business improved slightly, with strong growth in executive pensions, but dull sales of self-employed pensions.

Single premium business advanced by 10 per cent in 1979 from £4.2m to £4.6m, despite the company not participating in the buoyant short-term income bond market. This improvement came from linked life bond business, sales of personal pension plans remaining unchanged.

ENGLISH INSURANCE

Record new life and pensions business was achieved in 1979 by TThe English Insuranee Company, a member of the General Accident Group. Net premium income rose by 16 per cent from £6.3m to £7.3m and single premiume and annuity considerations by over 50 per cent from £4.3m to £6.75m. New sums assured totalled £837m against £804m and new annuities, both immediate and deferred, amounted to £33m against £20.26m.

ZURICH LIFE

Strong sales of building society linked life savings plans last year enabled the Zurich Life Assurance Society to increase its new annual premiums fourfold from £1.4m to £5.3m in 1979. Annual premiums from this source jumped nearly six times from £800,00 to £4.6m.

Single premium growth last year for the company was equally impressive, advancing from £164,000 to £1.79m. This improvement came from the successful marketing of the company'e Z bond—a guaranteed growth bond—which was launched in October 1979 and virtually sold out by the end of the year. New sums assured amounted to £104m against £42m in 1978.

OIL AND GAS NEWS

Oil for next to Premier prospect

OIL AND gas bas been discovered in an exploratory well drilled on land adjacent to Premier Consolidated Oilfields' Monument Creek prospect in the Rocky Mountain overthrust belt of Utah.

The well, drilled by Wexpro, a subsidiary of Mountain Fuel Oil of Denver, flowed at a rate of 6.5m cubic feet of gas and 1,860 barrels of oil per day on a drill stem test between 6,297 and 8,333 feet.

Wexpro's well is located 660 feet from the Premier acreage block of 974 gross acres. By drilling the well Wexpro has earned the right to drill a furtber well on Premier's block to earn a 50 per cent interest in 320 acres.

Premier will receive e nominal overriding royalty on production from the second well until Wexpro bas recovered its drilling costs. Thereafter Premier will own a 25 per cent working interest in that well and by contributing its share of future drilling costs will own 25 per cent of other wells on the 320 acre block.

Premier acquired the Rocky Mountain acreage in December 1978 from May Petroleum of Dallas. The interest purchased was 50 per cent of the oil and gas rights of some 350,000 acres of leases spread through eight western states along the Rocky Mountain overthrust area.

Premier paid $991,000 for the interest and contracted to spend a furtber $917,000 on geology and geophysics and $331,000 on completing the lease acquisition package.

* * *

Oil production from the Casablanca field off the east coast of Spain in the Mediterranean Sea, which was suspended in 1978 has resumed according to Canada Northwest Land. The latter company has a 12.4 per cent interest in the field.

Canada Northwest says that the Casablanca No. 6 well has been producing since December 18 last year at rates of up to 11,000 barrels a day.

The Casablanca No. 1-A well which produced between July, 1977 and June, 1978 at an average of 6,000 barrels a day under a temporary production permit is expected to be back on stream later this month. A pipeline will be laid this year to replace tanker deliveries to the Tarragona Refinery 35 miles to the north.

Canada Northwest expects that by 1981 a bottom supported platform now under construction will replace the group's semi-submersible drilling platform which has been converted to a floating production platform for the time being.

When the new platform is in place additional wells will be drilled and production of close to 40,000 barrels a day could be achieved by 1982, Canada Northwest edded.

* * *

Marathon Oil hae successfully tested a discovery well in the north half of West Delta Block 86, offshore Louisiana in the Gulf of Mexico. The well flowed at a daily rate of 14.3m cubic feet of natural gas and 1,339 barrels of condensate from below 13,000 feet.

* * *

Oil companies expect to spend nearly US$550m in Australia this year on exploration and development—nearly $100m more than last year's forecast.

A survey of 48 companies shows they plan to spend less on actual exploration but more on development projects, such as drilling platforms and shore facilities.

The survey, conducted by the Australian Petroleum Exploration Association, shows the companies hope to drill more than 60 wells this year — two more than the 1979 6gure.

Mr. Graham Maxwell, the association's executive director, said that further expansion of exploration after 1980 would depend largely on the success of current programmes and the future political and economic climate.

* * *

The French Government is to oil companies to step up investment in onshore and offshore oil exploration to FFr 1bn (£11m) a year by 1981 according to a Presidential communique.

French oil industry figures show that in 1978 oil companies spent FFr 690m on exploration and development in France.

The oil companies will also be asked to invest FFr 1.5bn over the next five years in exploration of high risk areas not yet exploitable using current techniques.

Improved trading at T. Cowie

THE IMPROVEMENT in the supply of vehicles in the past few months has enabled T. Cowie, the motor dealing and credit finance group to generate profits in excess of those in the same period last year, Mr. T. Cowie, the chairman, says in his annual report.

Having regard to the tougher trading conditions, especially the high cost of money, 1980 will be e challenging year Mr. Cowie says, but be feels confident the group will emerge more successfully than most in the industry.

Record results were achieved for the year to September 30, 1979, with pre-tax profits rising 11 per cent to £2.11m while turnover increased from £52m to £59m.

Group properties were revalued during the year and this, with retained profits of £1.58m, bas increased shareholders' funds to £9.31m, equal to 77.4p per share.

As known, the group has sold its banking subsidiary, Red Dragon Securities to Avco Financial Services for £2.2m cash. The cash from the reconstruction and sale of Red Dragon and the repayment of inter-company accounts have reduced Cowie bank overdrafts from £6.4m to £3.84m.

The sale also had the effect of eliminating £6m from Cowie borrowings and also providing cash resources for future expansion, the chairman says.

Referring to the group's stake in George Ewer and Company the chairman describes it ae an investment and says there is no conflict between Ewer's motor franchises in the south-east and south of England and those of Cowie.

In October, Cowie held 27.7 per cent of the Ewer ordinary capital.

In the group's motor division, the self-drive motor hire fleet bas been increased and directors are planning developments which could result in a considerable expansion in this merket. In the 6nance division, contract hire and leasing are areas of great potential and will be developed further this year, the chairman says.

Meeting, Sunderland, February 28 at noon.

Mr. Bentley gets top seat on John Baker (Insulation) board

John Bentley, now returning to the financial scene after an ebsence of some seven years, has become joint chairman and chief executive of John Baker (Insulation), the company through which he has just bought into the loss-making Tebbitt Group.

Thi sfollows his acquisition of 175,000 deferred shares from Mr. John Baker, representing 50 per cent of the authorised and issued deferred share capital.

It was announced et the turn of the year that Baker had paid £220,000 for 2m shares of Tebbitt, which has been diversifying from tanning into construction. This was just over a fifth o fthe equity. Mr. Bentley is now chairman of Tebbitt.

Tring Hall Securities, Insulation'e advisers, have arranged to place 150,000 new £1 preferred ordinary shares with institutions et 160p each; the proceeds will help to finance the Tebbitt share deal.

MINING NEWS

The gold boom and ASA

BY KENNETH MARSTON, MINING EDITOR

A FRESH rise in the price of gold yesterday to a record $656.50 per troy ounce touched off a new wave of demand for South African gold shares and the Gold Mines index advanced 25.7 to 320.6, its highest since September 1975. The general level of share prices in relation to mine earnings is still regarded as low, however, and provided thet the bullion price holds at above $600 it seems that investors will be prepared to buy, at least in the near term.

The driving force behind the demand for gold shares over the past two years or so has been the U.S. A major vehicle for this money is ASA, the South Arican-registered holding company. Taking Johannesburg share prices, its net asset value at November 30, the end of the company's financial year, equalled R35.22 ($42.27) per share compared with R18.46 ($21.23) a year previously.

Clearly the net asset value will have risen further since end-November, when the Gold Mines index was standing at 234.3 when gold was $415. Meanwhile, ASA dividends for the past year have risen to $2.40 (106p).

If the gold price stays at anywhere near its present level, they can be expected to show a further advance in the current 12 months. This expectation ie underlined by the current modest dividend yield of just over 5 per cent on the ehares at £20¾.

ASA's share portfolio is subject to continual review but at November the group's policy was to keep the major part of its funds in shares of the better-grade mines. Of the group's total net assets of $405.8m, 11.8 per cent was invested in East Driefontein, 11.6 per cent in Vaal Reefs and 9.8 per cent in West Driefontein.

Coming down the scale, Kloof and Southvaal each accounted for 8.7 per cent, Winkelhaak 8.1 per cent, St. Helena 4.8 per cent, President Steyn 4.1 per cent and Buffelsfontein 3.8 per cent. In all, shares of the gold producers eccounted for 81.7 per cent of net assets. Mining finance—notably Anglo American Corporation—together with platinum and other interests took 17.2 per cent and cash accounted for the remaining 1.1 per cent.

Meanwhile, London stockbrokers still feel that the gold share market will go higher. Laing and Cruickshank recommended Western Deep, Vaal Reefs and Southvaal in the light of the companies' final dividends which are due to be published on Friday with the Anglo American Corporation group mines' December 1979 quarterly profits.

In the high operating cost category—which stands to gain most from advancing gold prices—the brokers like Free State Saaiplaas, Harmony, Loraine, Venterspost and Ergo.

Williams de Broe Hill Chaplin recommend Buffelsfontein, Kinross, Kloof, Libanon, President Steyn and Western Holdings among the quality stocks. They suggest switching out of Hartebeest, Vaal Reefs and West Driefontein. Of the shorter life mines, they recommend Grootvlei, Stilfontein and Welkom.

Dividend boost by Homestake

HOMESTAKE MINING, the oldest gold producer in the U.S., is raising its regular quarterly dividend by 46 per cent, reflecting the sharp increase in net earnings during 1979 and continuing the trend of high payments established last year.

The latest quarterly dividend is 40 cents (17.7p) a share, compared with 27.5 cents paid quarterly since last March. Homestake also paid last year three extra dividends to shareholders of 27.5 cents, 25 cents and 30 cents.

After the first nine months of 1979 Homestake hed net earnings of $42.04m (£18.6m), more than double the total for the first three-quarters of 1978. The surge in earnings gathered force throughout the year, helped by high gold and silver prices.

New plant for Phelps Dodge

PHELPS DODGE, the U.S. copper major, is spending $32m (£14.17m) on a new continuous cast copper rod project at Norwich, Connecticut. Operations are expected to start early next year.

The group had originally planned to install the new facility at its Bayway plant in New Jersey, one of its three hot rolled rod mills. The other two are at El Paso in Texas and Fort Wayne in Indiana.

This expansion of capacity will help to consolidate Phelps Dodge'e position as the largest maker of copper rod for the U.S. electrical wire and cable industry.

COMPANY NEWS IN BRIEF

LONDON AND NORTHERN

Edenhall Concrete Products, the concrete brick and block-making arm of the London and Northern Group, is to spend £0.75m to increase its manufacturing capacity by 50 per cent at its works in Cumbria and County Durham to meet market demand.

DELTENNE

The recent Deltenne Holdings three-for-five rights issue of 3.66m new ordinary shares has been 83.1 per cent subscribed. The balance of 817,994 new shares has been sold at a premium and the net proceeds of about 1.4p per new share will be distributed to shareholders.

WEARWELL

Applications have been received for 93.07 per cent of the new Ordinery 5p shares at 34p a share offered in the Wearwell rights issue. The balance of 429,300 new shares have been sold at a premium.

PFPUT ISSUE

The Pension Fund Property Unit Trust is making a new issue of units at a net subscription price of £2,020 per unit to yield 5 per cent.

Last year the total value of the fund reached e record figure of £247m and distributions rose from £84 to £104 per unit.

FORT ELECTRNCS. (NORTHERN)

The liquidator of Fort Electronics (Northern) reports that he is now able to conclude the winding up of the company. As already known, no dividend is payable to either the preferential or unsecured creditors.

LONDON TRUST

London Trust Company has arranged a £5m multi-currency loan facility with Bank Brussels Lambert (UK), of which £1.57m has been drawn down in Belgian francs.

BRUNNER INV.

Brunner Investment Trust is proposing a 1-for-1 scrip issue.

CARDIFF MALTING

It is proposed to change the name of Cardiff Malting Company to the Cardiff Property Company. The directors point out that the company's activities in the malting 6eld have ceased for all practical purposes.

REPORTS AND ACCOUNTS IN BRIEF

BRITISH CINEMATOGRAPH THEATRES—Turnover for six months to July 31, 1979, £1.78m (£1.44m); pre-tax profit £50,315 (£24,931); tax (£51,237). No provision has been made for deferred tax, and no liability for the period is expected to be paid in foreseeable future. Directors do not expect that trading profits for the full year will reach those of previous year. However, board would expect to recommend increased dividend.

EX-LANDS (investment company)—Pre-tax profit for first half of 1979 £44,000 (£65,000). Net profit £30,000 (£38,000). Board says management accounts of associate show serious deterioration in profitability. Results for 1979 will therefore fall short of £110,002 for 1978.

ELSON AND ROBBINS (maker of springs, vinyl foam and products for the domestic appliance industry)—Results for year to September 30, 1979, and rights issue reported December 13 in preliminary report. Net current assets £3.74m (£2.67m). Decrease in liquid funds £1.15m (£229,757). Amount paid in year to chairman £32,378 (£21,765). Chairman says if there is no serious deterioration in economic climate, company's progress should be maintained. Meeting, Nottingham, on February 5 at 11 am.

OWEN AND ROBINSON (jeweller and silversmith)—Interim dividend 8p (same—total 16p) for year ended May 31, 1980. Turnover £553,608 (£516,996) for half-year to November 30, 1979. Profit £11,253 (£12,020) before tax of £4,730 (£5,050).

PICCADILLY THEATRE—Dividend for nine months to September 30, 1979, 1.5p (1.78p for year to December 31, 1978). Turnover £187,851 (£156,958). Pre-tax profit £130,728 (£77,030). Tax £65,595 (£40,762).

TRANS-OCEANIC TRUST — Results for the year ended October 31, 1979, already reported. Investments, £29.15m (£30.18m). Unrealised appreciation, £7.74m (£10.47m). Pearl Assurance holds 28.4 per cent of ordinary capital. Meeting, 120 Cheapside, EC, February 7 at 10.30 am.

MURRAY MINOR INVESTMENT TRUST (formerly Glenmurray Investment Trust)—Results for year ended October 31, 1979, reported December 7. Investments £6.39m (£6.7m), net current assets £75,148 (£17,233 liabilities), loan debt £360,317 (£550,681). Net assets £6.24m (£6.28m). Liquidity increased by £322,000 (£108,000 decrease). Meeting, 8, Crosby Square, London, February 7, 4 pm.

JITRA RUBBER PLANTATIONS—Pre-tax profit for year to September 30, 1979, £118,056 (£102,471), after tax profit £73,605 (£65,382). Earnings per 10p share 3.32p (2.34p), dividend 2.2p (1.9p) net.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.310	—	—	—	—	6	16	F.306
AKZ C	F.25	—	—	55	1.60	85	1.70	F.25.60
AKZ C	F.27.50	—	—	54	0.50	10	0.90	"
AKZ C	F.30	—	—	—	—	6	0.50	"
AKZ P	F.27.50	—	—	—	—	2	6.80	"
ARB C	F.65	16	0.30	—	—	—	—	F.64.40
ARB C	F.70	—	—	3	0.70	—	—	"
CSF C	F.400	6	109	11	111	—	—	F.508
CSF C	F.440	2	66	6	74	—	—	"
CSF C	F.480	6	28	2	41	—	—	"
NN C	F22.50	—	—	—	—	6	0.10	F.23.90
IBM C	$65	6	6⅞	—	—	—	—	$66⅞
IBM C	$70	—	—	2	3½	—	—	"
IBM C	$75	—	—	55	1⅝	—	—	"
KLM C	F.70	26	1.50	17	5.50	62	7.50	F.70.60
KLM C	F.80	—	—	23	1.90	46	3.40	"
KLM C	F.90	—	—	20	0.70	35	1.50	"
KLM C	F.100	—	—	50	0.10	—	—	"
KLM P	F.70	61	1.20	46	4.50	14	6.60	"
KLM P	F.80	26	2.40	47	10.50	—	—	"
NN C	F.100	15	21.50	—	—	—	—	F.120.50
NN C	F.110	10	11	—	—	—	—	"
NN C	F.115	68	5.40	—	—	—	—	"
NN C	F.120	92	1	—	—	—	—	"
NN C	F.125	—	—	1	5.10	—	—	"
PET C	Fr.4400	5	1200	—	—	—	—	Fr.5600
PET C	Fr.4600	1	1000	—	—	—	—	"
PET C	Fr.5600	16	150	6	420	—	—	"
PET C	Fr.6000	—	—	—	—	1	6.60	"
PHI C	F.20	3	0.50	78	1.60	216	6	F20.50
PHI C	F.22.50	—	—	76	0.50	51	0.90	"
PHI C	F.25	—	—	6	0.20	—	—	"
PHI P	F.20	—	—	20	0.50	22	0.60	"
PHI P	F.22.50	6	3	—	—	—	—	"
PRD C	$25	4	1	—	—	—	—	$26⅛
RD C	F.140	4	6.40	11	6.80	—	—	F.144.50
RD C	F.145	66	1	45	5.40	—	—	"
RD C	F.150	71	0.10	87	3.90	50	6.60	"
RD C	F.160	—	—	77	1.20	87	2.60	"
RD P	F.140	158	0.20	11	1.90	—	—	"
RD P	F.145	33	1.40	35	3.90	—	—	"
RD P	F.150	65	6	66	6.50	2	7.20	"
RD P	F.160	56	16.10	28	15.20	—	—	"
UNI C	F.115	—	—	1	7	—	—	F.117.50
UNI C	F.125	—	—	2	1.50	—	—	"
XON C	$60	—	—	—	—	10	1½	$58⅝
		Feb.		May		Aug.		
BA C	$50	1	7½	—	—	—	—	$57⅝
BA C	$60	—	—	7	4⅝	—	—	"
OXY C	$50	—	—	—	—	10	2½	$25¾

TOTAL VOLUME IN CONTRACTS 2494

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	17 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Shenley Trust	18 %
Choulartons	17 %	Standard Chartered	17 %
C. E. Coates	17 %	Trade Dev. Bank	17 %
Consolidated Credits	17 %	Trustee Savings Bank	17 %
Co-operative Bank	*17 %	Twentieth Century Bk.	17 %
Corinthian Secs.	17 %	United Bank of Kuwait	17 %
The Cyprus Popular Bk.	17 %	Whiteaway Laidlaw	17½%
Duncan Lawrie	17 %	Williams & Glyn's	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

CURRENCIES, MONEY AND GOLD

Sterling firm

ACTIVITY CENTRED on the sharp rise in sterling in currency markets yesterday, while the U.S. dollar showed little movement from Friday's levels. Commercial demand for the pound was fairly strong during the morning, with the UK Government's recent success in selling gilt-edged stocks helping to create further interest in sterling.

Against the dollar it opened at $2.2580 and rose quite rapidly to $2.2675 before coming back on a little profit taking to $2.2625 around noon. By mid-afternoon it had moved through the $2.27 level and further demand from the U.S. pushed it to a peak of $2.2760-2.2775. It closed at $2.2755-2.2765, a rise of 1.85c from Friday, and its highest level since late July last year. The pound was also firm against European currencies, and its trade weighted index rose to 71.4, its best level since last September, and compared with Friday's figure of 71.0.

The dollar showed little change against most currencies, finishing at DM 1.7185 against the D-mark, compared with DM 1.7210 previously, and SwFr 1.5820 from SwFr 1.530 in terms of the Swiss franc. On Bank of England figures, its trade-weighted index remained at 84.4.

D-MARK — Very strong, and showing a tendency to rise within the European Monetary System recently. Trading was at a very low level for most of the day, and the dollar was fixed at *DM 1.7178, hardly changed from* Friday. The currency uncertainty within the market tended to deter speculative trading, with most operators awaiting further developments over the Middle East situation.

FRENCH FRANC — Strongest member of the EMS since late December — The French franc continued to appreciate against its EMS neighbours with the exception of the Belgian franc, and the Irish punt. Elsewhere the U.S. dollar fell to FFr 4.0265 from FFr 4.0305 while sterling improved to FFr 9.1220 from FFr 9.1040.

DUTCH GUILDER—Firmer in recent weeks, near top of EMS—The Dutch guilder lost ground against all its EMS partners, but improved against the U.S. dollar and the Swiss franc. The U.S. unit was fixed at Fl.1.8970 against Fl.1.8975 previously, while sterling rose to Fl.4.2970 from Fl.4.2890.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone was firmer against EMS currencies, except the Belgian franc and the Irish punt. The D-mark eased at the fixing to DKr 3.1260 from DKr 3.1265 and the French franc was lower at DKr 1.3330 against DKr 1.3345 previously.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation.—Sterling and the Irish punt were slightly firmer against the Belgian franc, but other EMS currencies and the U.S. dollar all showed marginal losses.

ITALIAN LIRA—Weaker during past two months after trading at top of EMS throughout last summer.—The D-Mark, Dutch guilder, Danish krone and Irish punt all lost ground against the lira at yesterday's fixing, while the French and Belgian francs showed a slight improvement. Sterling was fixed higher at L1,819.10 from L1,816.40, but the U.S. dollar fell to L803.2 from L803.80.

IRISH PUNT—Second weakest member of EMS recently.—The punt rose against most currencies yesterday reflecting the general rise in sterling.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3923	+1.51	+1.39	±1.53
Danish Krone	7.72336	7.76577	+0.55	+0.43	±1.64
German D-Mark	2.48208	2.48672	+0.19	+0.07	±1.125
French Franc	5.84700	5.82885	−0.31	−0.43	±1.3557
Dutch Guilder	2.74362	2.74541	+0.07	−0.05	±1.512
Irish Punt	0.668201	0.673312	+0.76	+0.64	±1.668
Italian Lira	1157.79	1162.80	+0.43	+0.31	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Jan. 14	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2575-2.2775	2.2755-2.2765	0.68-0.58c pm	3.32	1.36-1.25 pm	2.28
Canada	2.6280-2.6555	2.6535-2.6545	0.95-0.85c pm	4.07	1.85-1.75 pm	2.71
Nethlnd.	4.27½-4.33	4.31½-4.32½	2⅛-1⅛c pm	5.21	5½-4½ pm	4.63
Belgium	63.00-63.65	63.50-63.60	17-7c pm	2.27	34-24 pm	1.83
Denmark	12.13-12.22	12.20¾-12.21¾	3-1ore pm	1.97	1-3 dis	0.69
Ireland	1.0515-1.0575	1.0560-1.0570	0.07-0.17p dis	−1.36	0.20-0.30dis	−0.95
W. Ger.	3.87½-3.92½	3.90¾-3.91¾	3⅞-2⅞pf pm	10.35	8½-7½ pm	8.05
Portugal	111.90-113.10	112.85-113.05	5-55c dis	−3.19	40-140 dis	−3.19
Spain	149.00-150.35	150.20-150.30	par-50c dis	−2.00	35-135 dis	−2.26
Italy	1,815-1,828	1,827-1,828	5¼-7¼ lire dis	−4.43	18-20 dis	−2.08
Norway	11.07-11.19	11.16½-11.17½	7¼-5¼ore pm	8.71	15¼-13¼ pm	6.10
France	9.09-9.16½	9.17-9.18	4½-3½c pm	6.07	7½-6½ pm	3.00
Sweden	9.34½-9.42½	9.41½-9.42½	5-3ore pm	3.10	9¼-7¼ pm	3.50
Japan	530-540	537-538	5.05-4.70y pm	16.98	11.35-11.00pm	8.32
Austria	27.85-28.10	28.05-28.10	25-15gro pm	8.55	58-48 pm	7.55
Switz.	3.57-3.61½	3.59¾-3.60¾	4½-3½c pm	13.32	9¾-8¾ pm	16.27

Belgian rate is for convertible francs. Financial franc 65.35-65.45. Six-month forward dollar 2.07-1.97c pm, 12-month 3.85-3.75c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 14	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2575-2.2775	2.2755-2.2765	0.68-0.58c pm	3.32	1.36-1.25 pm	2.28
Ireland†	2.1490-2.1310	2.1500-2.1510	0.78-0.73c pm	4.21	1.77-1.72 pm	3.24
Canada	1.1652-1.1660	1.1652-1.1655	0.14-0.11c pm	1.29	0.12-0.09 pm	0.36
Nethlnd.	1.8955-1.8975	1.8960-1.8975	0.40-0.35c pm	2.37	1.21-1.14 pm	2.48
Belgium	27.90-27.94	27.91-27.93	½c pm-1 dis	−0.11	par-2 dis	−0.14
Denmark	5.3560-5.3680	5.3660-5.3675	0.25-0.75ore dis	−1.12	3.60-4.10dis	−2.87
W. Ger.	1.7160-1.7200	1.7180-1.7190	1.00-0.90pf pm	6.63	2.50-2.40 pm	5.70
Portugal	49.60-49.65	49.60-49.65	15-25c dis	−4.84	45-75 dis	−4.84
Spain	66.02-66.06	66.03-66.05	20-30c dis	−4.54	60-80 dis	−4.24
Italy	803.10-803.70	803.10-803.40	5-6 lire dis	−8.22	13½-15 dis	−7.10
Norway	4.9065-4.9095	4.9070-4.9080	1.60-1.10ore pm	3.30	3.75-3.25 pm	2.85
France	4.0250-4.0290	4.0270-4.0285	0.63-0.53c pm	1.73	0.75-0.65 pm	0.69
Sweden	4.1375-4.1395	4.1377-4.1387	0.95-0.75ore pm	2.48	1.60-1.40 pm	1.45
Japan	235.80-236.70	236.15-236.25	1.55-1.40y pm	7.49	3.55-3.40 pm	5.88
Austria	12.33-12.34	12.33¼-12.33¾	2.25-4.75gro pm	6.35	17.00-14.00pm	3.03
Switz.	1.5780-1.5840	1.5815-1.5825	1.45-1.38c pm	10.73	3.53-3.48 pm	8.84

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.585274	0.632559
U.S. $	12	1.32231	1.44664
Canadian $	14	1.54055	1.68499
Austria Sch.	3¾	16.3279	17.2647
Belgian F.	10½	36.9686	40.3946
Danish K.	11	7.10411	7.76502
D Mark	6	2.27605	2.48588
Guilder	9½	2.50906	2.74379
French Fr.	9½	5.52957	5.82905
Lira	15	1062.81	1162.88
Yen	8¼	319.197	341.383
Norwgn. Kr.	9	6.30444	7.09888
Spanish Pts.	8	87.2844	95.5894
Swedish Kr.	9	6.47470	6.98607
Swiss Fr.	2	2.08796	2.28408

CURRENCY MOVEMENTS

Jan. 14	Bank of England Index	Morgan Guaranty changes %
Sterling	71.4	−34.7
U.S. dollar	84.4	−8.7
Canadian dollar	80.9	−17.0
Austrian schilling	158.3	+24.3
Belgian franc	116.5	+13.9
Danish kroner	109.3	−2.3
Deutsche mark	158.6	+46.5
Swiss franc	204.6	+82.7
Guilder	126.3	+20.5
French franc	108.5	−5.4
Lira	56.0	−48.8
Yen	112.9	+18.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 14	£	$		£ Note Rates
Argentina Peso	6686-3705	1520-1660	Austria	27.80-28.05
Australia Dollar	2.0365-2.0465	0.8995-0.9000	Belgium	64.85-65.35
Brazil Cruzeiro	98.67-98.27	43.30-43.75	Denmark	12.15-12.21
Finland Markka	8.56-8.57	3.2850-3.6880	France	9.07-9.13
Greek Drachma	85.751-87.797	37.90-38.10	Germany	3.87-3.90
Hong Kong Dollar	11.11¾-11.13¾	4.9075-4.9095	Italy	1835-1955
Iran Rial	n/a	n/a	Japan	535-539½
Kuwait Dinar (KD)	0.610-0.580	0.2714-0.2715	Netherlands	4.28-4.31
Luxembourg Frc.	63.50-65.60	27.91-27.93	Norway	11.11-11.18
Malaysia Dollar	4.9350-4.9460	2.1805-2.1815	Portugal	112-121
New Zealand Dlr.	2.2895-2.2995	1.0090-1.0110	Spain	149-157
Saudi Arab. Riyal	7.56-7.66	3.3502-3.3508	Switzerland	3.58-3.60½
Singapore Dollar	4.8820-4.8930	2.1300-2.1360	United States	2.266-2.270
Sth. African Rand	1.8675-1.8690	0.8206-0.8213	Yugoslavia	49-50¾

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 14	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.276	3.916	537.5	9.175	3.603	4.320	1828.	2.654	63.55
U.S. Dollar	0.439	1.	1.719	236.2	4.031	1.583	1.892	803.9	1.166	27.92
Deutschemark	0.255	0.582	1.	137.4	2.345	0.921	1.104	467.1	0.678	16.24
Japanese Yen 1,000	1.860	4.234	7.279	1000.	17.07	6.702	8.037	3400.	4.938	118.2
French Franc 10	1.090	2.481	4.264	585.2	10.	3.926	4.708	1992.	2.893	69.26
Swiss Franc	0.278	0.632	1.086	149.2	2.547	1.	1.199	507.5	0.737	17.64
Dutch Guilder	0.231	0.527	0.906	124.4	2.124	0.834	1.	423.0	0.614	14.71
Italian Lira 1,000	0.547	1.245	2.141	294.1	5.021	1.971	2.364	1000.	1.452	34.77
Canadian Dollar	0.377	0.858	1.474	202.5	3.457	1.357	1.628	688.6	1.	23.94
Belgian Franc 100	1.574	3.581	6.157	845.8	14.44	5.669	6.798	2876.	4.176	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.97-14.07 per cent; three months 13.97-14.07 per cent; six months 13.92-14.02 per cent; one year 12.80-12.90 per cent.

Jan. 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	21-21¼	15⅞-14⅛	12½-16½	2¼-3½	¾-1	7⅞-8	11¾-19	16-20	—	2-6⅛
7 days' notice	18½-18¾	14-14¼	13½-13½	10½-10¾	1¾-2	8-8½	18-12¼	21-23¼	14-14⅛	5⅞-7⅞
Month	17¼-17½	14-14¼	13⅝-14	11¾-12	4⅛-4⅛	8⅛-8¼	12⅝-12⅞	21-23¾	14-14⅛	7⅛-7⅛
three months	16¾-17	14⅛-14⅜	15⅝-14	11⅝-11⅞	5⅛-5¼	8¼-8⅜	15⅜-13⅝	20½-21⅛	14⅛-14⅛	7⅞-8¼
six months	12¼-12½	14⅛-14⅛	15⅝-15¾	11⅝-11⅝	5⅛-5⅝	8⅛-8⅛	13⅝-13⅞	20-21	16⅛-16⅛	8⅛-8⅛
one year	16¼-15¼	12⅛-15⅛	12½-12⅞	10⅞-11⅛	5⅛-5⅛	8⅛-8⅛	16⅝-15⅞	18½-19½	13⅛-15⅛	7⅞-8⅛

Long-term Eurodollar two years 12⅝-12⅞ per cent; three years 11¹³⁄₁₆-12¼ per cent; four years 11¹³⁄₁₆-11¹⁵⁄₁₆ per cent; five years 11⅝-11⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

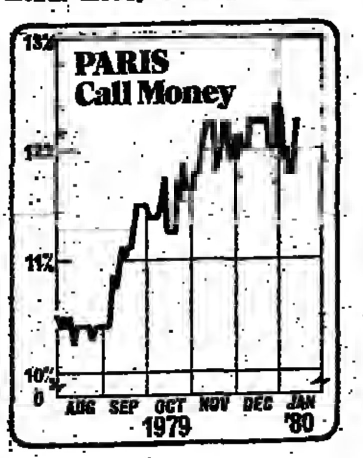
Rates may ease

Interest rates showed a slightly firmer trend in several major financial centres yesterday, but conditions may ease in the near future. Paris call money rose to 12¾ per cent from 12½ per cent, and market conditions were quiet, while the French franc remained at the top of the European Monetary System. The Bank of France added liquidity by purchasing about FFr 6bn of first category paper at 12 per cent, compared with 12½ per cent previously, and the market will also be helped by the decision not to auction Treasury bonds today, although it is faced with the repurchase of FFr 4.6bn first category paper bought by the authorities on December 26.

In Amsterdam the Dutch Government's first Treasury bill tender of the year attracted Fl 803.7m successful bids for the 9 per cent five-year bills.

In Frankfurt call and one month money showed an easier trend, but other periods were steady.

In Singapore there was also a trend towards higher interest rates, coupled with indications of a possible easing of rates later in the week. The Development Bank of Singapore predicted that money market rates should ease from tomorrow, following final payments into Singapore's retirement insurance plan, known as the central provident fund, and property tax payments. At the same time the Development Bank, one of the big four local banks, increased its prime lending rate to 9¾ per cent from 9½ per cent. Another of the "big four," the United Overseas Bank, raised its prime rate to 9¾ per cent from 9½ per cent.



MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed. Funds	14-14⅞
Treasury Bills (13-week)	11.82
Treasury Bills (26-week)	11.84

GERMANY

Discount Rate	6
Overnight Rate	8.65
One month	8.875
Three months	8.85
Six months	8.70

FRANCE

Discount Rate	9.5
Overnight Rate	12.25
One month	12.1875
Three months	12.4375
Six months	12.4375

JAPAN

Discount Rate	6.25
Call (Unconditional)	6.125
Bills Discount (three-month)	—

GOLD

Record level

Gold rose to an all time high in the London bullion market yesterday, finishing at $654-659 an ounce, a rise of $33 from Friday. The rise was basically a continuation of the metal's recent trend, having paused for breath for just a few day's last week. The highest level seen during the day was the afternoon fixing, when it stood at $660.00.

In Paris, the 12-kilo bar was fixed at FFr 84,300 per kilo ($651.18 per ounce) compared with FFr 81,500 ($629.98) in the morning and FFr 78,300 ($604.23) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,005 per kilo ($651.98 per ounce) against DM 33,985 ($615.01) previously.

	January 14		January 11	
Gold Bullion (fine ounce)				
Close	$654-659	(£287½-289¼)	$681-696	(£275¼-277¾)
Opening	$640-645	(£283-285½)	$603-608	(£267¼-269¾)
Morning fixing	$647.75	(£285.982)	$610	(£269.762)
Afternoon fixing	$660	(£296.850)	$625	(£275.959)
Gold Coins				
Krugerrand	$677-685	(£297½-300½)	$667-643	(£281½-284½)
Mapleleaf	$675-682	(£226-300)	$637-643	(£281½-284½)
New Sovereigns	$170-172	(£74½-76)	$160-162	(£70¾-71¼)
King Sovs.	$183-185	(£80-82)	$177-179	(£78¼-72¼)
Victoria Sovs.	$183-185	(£80-82)	$177-179	(£78¼-72¼)
Fr 20 Napoleon	FFr680-650	(SFr245-255)	FFr610-620	(SFr258-245)
50 pesos Mexico	$818-822		$771-775	
100 Cor. Austria	$641-649		$606-613	
$20 Eagles	$721-726		$715-720	
$10 Eagles	—		$385-405	
$5 Eagles	—		$315-360	

UK MONEY MARKET

Heavy shortage

Bank of England Minimum Lending Rate, 17 per cent (since November 15, 1979)

Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave an exceptionally large amount of assistance by buying a moderate number of Treasury bills from the discount houses and banks, and a small amount of local authority bills from the houses. Out of the total number of bills bought some will be resold to the market at a fixed future date. The help was completed by lending an exceptionally large amount to 10 or 11 houses at Minimum Lending Rate until Wednesday, when a temporary release of about £1bn of special deposits will be made.

The major factor behind yesterday's shortage was the settlement of substantial gilt-edged sales, while the banks brought forward large run down balances, there was a small net take up of Treasury bills to finance, and the market was also faced with a small excess of revenue payments to the Exchequer over Government disbursements. On the other hand there was a small decrease in the note circulation.

Discount houses paid 16½-17 per cent for secured call loans in the early part, and closing balances were taken at 16-17 per cent.

In the interbank market overnight loans opened at 19-19½ per cent and ranged between 18 per cent and 30 per cent for most of the day, before falling to 10-12 per cent in the afternoon, but rising to 18-20 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan 14 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	10-30	—	—	—	17⅝	16-17	—	—	—
2 days notice	—	—	17¾-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅞-18	17⅞-18	—	17½	17¾-18	18⅞-17	—	—	—
One month	16⅞-16¾	17⅛-17⅞	18⅞-17⅞	18¼-17⅞	17½	17⅝-17¾	16½-16⅝	15⅝-13¾	17⅛	17½
Two months	16⅞-16½	16⅞-17⅛	—	17⅝-17	17⅝	—	16½	16⅝-15⅞	17	17¼
Three months	16⅞-16¾	18⅞-17	16⅛-17⅛	17⅛-16⅞	17	17¼-17⅛	15¼	15⅞	15⅞	17
Six months	15⅞-15⅞	15¾-16⅛	16⅛-16⅛	15¾-16½	16⅝	—	—	—	15⅞	16½
Nine months	15⅞-14⅞	16-15⅞	—	16⅞-15½	16⅛	—	—	—	—	—
One year	14⅞-14⅞	14⅝-13	15⅛	15⅛-14⅞	16⅛	—	—	—	—	—
Two years	—	—	16⅛-15⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅛-15½ per cent; four years 15⅛-15⅜ per cent; five years 15-15⅛ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅛-15⅞ per cent; four-month trade bills 16⅞ per cent.

Approximate selling rates for one-month Treasury bills 15⅞-15¹¹⁄₁₆ per cent; two-month 15¹¹⁄₁₆-15¾ per cent; three-month 15⅞ per cent. Approximate rates for one-month bank bills 17⅛ per cent; two-month 16⅞ per cent; three-month 16⅛ per cent; one-month trade bills 17⅛ per cent; two-month 16⅞ per cent; two-month 16⅞ per cent and three-month 16⅛ per cent.

Finance Houses Base Rates (published for the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 16 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8408 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on January 14, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange to the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (cr) official rate; (sg) selling rate.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	95.00
Albania	Lek	16.67
Algeria	Dinar	8.6750
Andorra	French Franc	9.175
	Spanish Peseta	150.25
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	6.11
Argentina	Ar. Peso Free Rate	3,696
Australia (S)	Australian $	2.0415
Austria	Schilling	28.076
Azores	Portug. Escudo	112.95
Bahamas (S)	Ba. Dollar	2.2760
Bahrain (S)	Dinar	0.854
Balearic Isles	Spa. Peseta	150.25
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.5520
Belgium	B. Franc	(cm) 63.66
		(fn) 65.40
Belize	B $	4.5260
Benin	C.F.A. Franc	458.75
Bermuda (S)	Bda $	2.2760
Bhutan	Indian Rupee	17.97
Bolivia	Bolivian Peso	54.90
Botswana (S)	Pula	1.8740
Brazil	Cruzeiro ‡‡	99.07
Brit. Virgin Isles (S)	U.S. $	2.2760
Brunei (S)	Brunei $	4.88778
Bulgaria	Lev	1.8656
Burma	Kyat	15.2225
Burundi	Burundi Franc	201.51
Cameroon Repub'c	C.F.A. Franc	458.75
Canada	Canadian $	2.6540
Canary Islands	Spanish Peseta	150.25
Cape Verde Isle	Cape V. Escudo	82.60
Cayman Islands (S)	Cay. Is. $	1.8860
Cent. Af. Repub.	C.F.A. Franc	458.75
Chad	C.F.A. Franc	458.75
Chile	C. Peso	(Bk) 88.23
China	Renminbi Yuan	3.3635
Colombia	C. Peso	(F) 99.55
Comoro Islands	C.F.A. Franc	458.75
Congo (Braz'ville)	C.F.A. Franc	458.75
Costa Rica	Colon	19.45
Cuba	Cuban Peso	1.5894
Cyprus (S)	Cyprus £	0.775
Czechoslovakia	Koruna	(com) 11.46
		n/c 22.78
		(T) 19.94
Denmark	Danish Krone	12.2125
Djibouti	Fr.	399.00
Dominica (S)	E. Caribbean $	6.11
Dominican Repub	Dominican Peso	2.2750
Ecuador	Sucre	(O) 55.27
		(F) 91.65
Egypt	Egyptian £	(U) 1.52
Equatorial Guinea	Peseta	150.25
Ethiopia	Ethiopian Birr	(P) 4.5898
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	12.2125
Fiji Islands	Fiji $	1.8925
Finland	Markka	8.565
France	French Franc	9.175
French G'tyn Af*	C.F.A. Franc	458.75
French Guiana	Local Franc	9.175
French Pacific Is.	C.F.P. Franc	159.55
Gabon	C.F.A. Franc	458.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.9185
Germany (West)	Deutsche Mark	3.9185
Ghana (S)	Cedi	6.20
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	85.769
Greenland	Danish Kroner	12.2125
Grenada (S)	E. Caribbean $	6.11
Guadaloupe	Local Franc	9.175
Guam	U.S. $	2.2750
Guatemala	Quetzal	2.2760
Guinea Republic	Sily	42.15
Guinea Bissau	Peso	76.15
Guyana (S)	Guyanese $	5.7705
Haiti	Gourd	11.30
Honduras Repub.	Lempira	4.5400
Hong Kong (S)	H.K. $	11.1875
Hungary	Forint	(com) 74.77
		(T)(nc) 44.71
Iceland (S)	I. Krona	902.60
India (S)	Ind. Rupee	17.97
Indonesia	Rupiah	1,414.35
Iran	Rial	n/a
Iraq	Iraq Dinar	0.6683
Irish Republic (k)	Irish £	1.0565
Israel	Israel £	83.15
Italy	Lira	1,827.50
Ivory Coast	C.F.A. Franc	458.75
Jamaica (S)	Jamaica Dollar	4.0360
Japan	Yen	537.60
Jordan (S)	Jordan Dinar	0.656
Kampuchea	Riel	2,710.60
Kenya (S)	Kenya Shilling	16.47
Kiribati	Australian $	2.0415
Korea (Nth)	Won	1.872(ll)
Korea (Sth)	Won	1,313.00
Kuwait (Sth)	Kuwait Dina	0.615
Laos	Kip Pot Po	205.20
Lebanon	Lebanese £	7.5775
Lesotho	S. African Rand	1.86825
Liberia	Liberian $	2.2760
Libya	Libyan Dinar	0.6700
Liechtenstein	Swiss Franc	3.6025
Luxembourg	Lux Franc	63.56
Macao	Pataca	12.02
Madeira	Portug'se Escudo	112.95
Malagasy Republic	MG Franc	458.75
Malawi (S)	Kwacha	1.79
Malaysia (S)	Ringgit	4.9405
Maldive Islands (S)	Mal Rupee	8.8935
Mali Republic	Mali Franc	917.50
Malta (S)	Maltese £	0.769
Martinique	Local Franc	9.175
Mauritania	Ouguiya ‡	90.80
Mauritius (S)	M. Rupee	17.08
Mexico	Mexican Peso	51.21
Miquelon	C.F.A. Franc	458.75
Monaco	French Franc	9.175
Mongolia	Tugrik	(o)5.2580(ll)
Montserrat	E. Caribbean $	6.11
Morocco	Dirham	9.28
Mozambique	Moz. Escudo	68.60
Nauru	Australian Dollar	2.0415
Nepal	Nepalese Rupee	27.15
Netherlands	Guilder	4.38
Netherland Antilles	Antillian Guilder	4.0505
New Hebrides	Franc	147.50
	Aust. Dollar	2.0415
New Zealand (S)	N. Z. Dollar	2.2945
Nicaragua	Cordoba	22.585
Niger Republic	C. F. A. Franc	458.75
Nigeria (S)	Naira	1.250199 (sg)
Norway	Norway Krone	11.1725
Oman Sul'ate of (S)	Rial Omani	0.783
Pakistan	Pakistan Rupee	22.39
Panama	Balboa	2.2760
Papua N. Guinea (S)	Kina	1.5540
Paraguay	Guarani	282.55
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7728
Peru	Sol	exc(A)565.90
Philippines	Philippine Peso	16.66
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2946
Poland	Zloty	(Cm)66.00
		(T)66.00
Portugal	Portugu'se Escudo	112.95
Port Timor	Timor Escudo	118.96
Puerto Rico	U.S. $	2.2760
Qatar (S)	Qatar Ryal	8.37
Reunion Ile de la	French Franc	9.175
Rhodesia	Rhodesian $	1.5250
Romania	Leu	(Cm)10.03
		(o/c)T26.93
Rwanda	Rwanda Franc	205.27
St. Christopher (S)	E. Caribbean $	6.11
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.11
St. Pierre	C.F.A. Franc	458.75
St. Vincent (S)	E. Caribbean $	6.11
Salvador El	Colon	5.56
Samoa American	U.S. $	2.2760
San Marino	Italian Lire	1,827.50
Sao To'e & Principe	Dobre	78.88
Saudi Arabia	Ryal	7.21
Senegal	C.F.A. Franc	458.75
Seychelles	S. Rupee	13.33
Sierra Leone (S)	Leone	2.33198
Singapore (S)	Singapore $	4.88778
Solomon Islands (S)	Solomon Is. $	1.8505
Somali Republic	Somali Shilling	(A)15.55
South Africa (S)	Rand	1.86825
South West African Territories (S)	S. A. Rand	1.86895
Spain	Peseta	150.25
Spanish ports in North Africa	Peseta	150.25
Sri Lanka (S)	S. L. Rupee	34.02
Sudan Republic	Sudan £ Φ	n/a
Surinam	S. Guilder	4.0505
Swaziland (S)	Lilangeni	1.86823
Sweden	S. Krona	9.4176
Switzerland	Swiss Franc	3.6025
Syria	Syria £	(A)8.8850
Taiwan	New Taiwan	(P)81.42
Tanzania (S)	Tan. Shilling	18.36
Thailand	Baht	46.00
Togo Republic	C.F.A. Franc	458.75
Tonga Islands (S)	Pa'ange	2.0415
Trinidad (S)	Trinidad & Tob' $	5.4310
Tunisia	Tunisian Dinar	0.883
Turkey	Turkish Lira	106.55
Turks & Caicos	U.S. $	2.2760
Tuvalu	Australian $	2.0410
Uganda (S)	Uganda Shilling	15.25
United States	U.S. Dollar	2.2760
Uruguay	Uruguay Peso	(cm)12.14
		(fn)19.08
Utd. Arab Emirates	U.A.E. Dirham	8.48
U.S.S.R.	Rouble	1.4254
Upper Volta	C.F.A. Franc	458.75
Vatican	Italian Lire	1,827.50
Venezuela	Bolivar	9.71
Vietnam	Dong	(O)4.95
		(T)4.60(ll)
Virgin Islands U.S.	U.S. Dollar	2.2750
Western Samoa (S)	Samoan Tala	2.0295
Yemen	Ryal	10.23
Yugoslavia	New Y Dinar	44.1505
Zaire Republic	Zaire	4.555270
Zambia	Kwacha	1.74

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 95.05. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and as are not members of IMF. (ll) Based on gross rates against Russian rouble. Φ Incentive rate.

NORTH AMERICAN NEWS

An acquisition that could be costly

Another peak performance in 1980 is forecast by National Semiconductor, reports Art Garcia from California. But investment analysts have voiced doubts about the long-term prospects for the computer marketing operations recently acquired from Itel Corporation

SHARES in the semiconductor companies, always a volatile sector, may be on the verge of another bout of erratic fluctuations, if the outlook is judged by views expressed by leading securities' analysts.

Some believe the semiconductor boom has touched its peak, while others express concern about the likely impact of the U.S. recession during the first half of 1980.

Analysts who closely watch National Semiconductor Corporation—third in the semiconductor market behind Texas Instruments and Motorola—have an additional worry: the company's biggest move to date into the computer end-user systems market.

On January 1, National took over the computer marketing and field service organisation of what has been its major computer customer, the financially-troubled Itel Corporation. National had been making plug-compatible computers through a working agreement with Itel, which is busily shedding many of its operations in an effort to survive. Itel's computer sales organisation has been unprofitable but its service operation has been in the black.

Mr. Vincent Glinski, a research vice-president at Drexel Burnham Lambert, says that with the acquisition of the Itel operations National will gain about [illegible] of computer-related revenues. The expanded computer business should "break even or show a modest profit" in the third quarter of National's current fiscal year.

The link with Itel is "going satisfactorily," affirms Mr. John Nesheim, National's treasurer. "We're very pleased," he says, noting that the Itel operations are "a small portion of our business." Semiconductors account for 70 per cent of the company's revenues; the rest is made up of consumer products, such as calculators and digital watches, point-of-sale terminals for supermarkets and other retail stores, plus the large computer systems. International sales, primarily to Europe and Asia, represent 30 per cent of total volume.

Mr. Benjamin Rosen, a research vice-president at Morgan Stanley, takes a favourable view of prospects for National, even though he expects the company's computer business to be in the red in fiscal 1980. He believes that this sector will be in the black in the fourth quarter of the current fiscal year and continue profitable for all of fiscal 1981. But he also comments that, while computers account for only 10 per cent of National's revenues, they are "90 per cent of everyone's concern."

Is the combination with Itel likely to succeed? "Long-term, I'm really not sure," Mr. Rosen concedes. Similarly unconvinced is Mr. Mark Dyniewicz, a Dean Witter Reynolds analyst who follows the fortunes of the company from San Francisco, 35 miles from National's Santa Clara headquarters. National contends that the absorption of the Itel marketing and service operations have not affected it yet in financial terms, but this is largely because of the heavy reserves set aside by National as it becomes involved in the large main-frame computer business.

Mr. Dyniewicz commented that this was a difficult market and the National is only a beginner in the sector.

An analyst who has turned bearish about National's outlook is Mr. Ming Li, who is with Bear, Stearns in New York. If the company can sell enough computers, he believes, then the move to acquire the Itel operations may prove to be positive. However, some disturbing questions persist.

"With the current high interest rates, what happens when most of National's computer customers want to lease these machines?" he asks. "Since National doesn't have the financing to do the leasing themselves, they'll have to use a third-party leasing company, and a third party isn't going to do it for free. I just question whether there's enough profit for two companies to share," Mr. Li declares.

Mr. Nesheim, who will not forecast earnings for National, does expect fiscal 1980 to be another record year. The company has achieved record performances so far this year and he expects this to continue for the remainder of fiscal 1980. That should bring this year's earnings in line with the general outside estimates of $3.20 to $4 a share this year, which would compare with the $2.57 a share net last year.

Preliminary forecasts for fiscal 1981 offer an earnings range of $4.20 to $4.50 per share. Growth will continue, but at a slower pace, thinks Mr. Nesheim. Analysts who are using a $4.50 figure are expecting a 25 to 30 per cent increase in profits next year and Mr. Nesheim sees that as a reasonable forecast.

But Mr. Li is not as confident. While he expects National to earn between $3.50 and $3.80 a share this year, he looks for fiscal 1981 to be "flat to slightly lower." Because the company's fiscal year ends in May, it will start its new year with a recession.

"Also," he adds, "I wonder if management thoroughly understands the IBM mainframe compatible market. National obviously thinks the IBM mainframe compatible market is very attractive. I have a different opinion. I think that market is pretty much over."

Because IBM is pricing its E series 4300 computer so aggressively, "I don't believe there's any chance for a compatible manufacturer to come in and make money on the hardware side."

The company has weathered past recessions and, as Mr. Nesheim emphasises, without any dip in earnings. Mr. Rosen of Morgan Stanley agrees that National did manage to post flat earnings in the 1974-75 recession, "and we believe this recession is going to be less severe than the last one." National's heavy reserves, confirms Mr. Dyniewicz, should allow it to offset the price attrition which normally occurs during a recession.

But to Mr. Li, none of the semiconductor issues at present are "glowingly attractive." Investors buying these stocks should only be investing for the long term.

A.T. & T. issue opens $5bn funding

By Ian Hargreaves in New York

AMERICAN TELEPHONE & Telegraph AT&T will seek to raise around $5bn in debt securities this year, starting with a $450m issue today.

Only $400m of the record annual Bell System funding will be used for refinancing, reflecting the pace of construction being carried out in the U.S. telecommunications system.

Last year, AT&T's 17 operating units raised $3.4bn to feed a construction programme of $15.6bn. This year's programme is estimated at $16.7bn.

Today's issue is of triple-A rated 40 year debentures by the Southwestern Bell Telephone Company.

Yesterday, dealers were predicting a record interest rate for a Bell System issue as the bond market continued to weaken in thin trading.

The consensus figure was a yield of 11.35 per cent, which is 100 basis points higher than the peak for a similar issue in November.

Ashland Oil forecasts 20% advance

NEW YORK—Ashland Oil expects operating earnings for the fiscal year ending September 30 to be up about 20 per cent from last year's fully diluted per share of $5.04, according to Mr. Orin E. Atkins, the group chairman.

Earnings for the December quarter are expected to be substantially higher than the $51m reported for the year earlier period, largely because of improved profitability and fewer shares outstanding, said Mr. Atkins.

He declined to be specific about possible growth areas, but said the conventional method to corporate growth appeared "very expensive and not particularly rewarding to stockholders." Ashland's growth plans are expected to be announced later.

Ashland is seeking to improve its processing operations to maintain petroleum product output at present levels while using less crude oil. Mr. Atkins said the key to such improvement is to upgrade residual fuel oil, asphalt and other "bottom of the barrel" products to create more petrol, diesel fuel and heating oil from each barrel of crude.

Ashland is working with the process division of UGP Inc. to develop such a process and if tests now underway at a demonstration unit are successful, the company will install the equipment at it's refineries.

● Getty Oil directors have approved a 1980 capital budget of $1.27bn or about the same as last year's budget based on current operations and subsidiaries.

However, the new capital budget would rise to $2bn if Getty completes the acquisition of Reserve Oil and Gas for $628m and spends another $105m on capital projects previously planned by reserve.

Agencies.

Iowa Beef expects upturn

NEW YORK — Iowa Beef Processors expects earning for the whole of fiscal 1980 to exceed the $42.7m, or $4.28 a share, earned in fiscal 1979, ended on November 3.

Mr. Robert Peterson, the president, said that the company's first quarter of fiscal 1980 "is off to an excellent start." He expected the company to continue growing "at the same rapid pace in the future as we have in the past."

Mr. Peterson said that Iowa Beef expected capital spending of about $60m in 1980 and $93m in 1981, with most of this amount going toward its slaughtering plant in Finney County, Kansas.

Capital spending over the next five years would exceed $300m reflecting not only the completion of the Finney County plant, but also the company's plans to keep its plants modern and for new facilities that are now under research and development.

Reuter

EUROPEAN MOTOR INDUSTRY

Peak output at Renault

BY OUR FINANCIAL STAFF

RENAULT, the French state-owned motor manufacturer, reports record production, sales and exports for 1979 and looks forward to further expansion in 1980.

Sales last year rose by close on a quarter with the company lifting its market shares within the EEC. By 1985 Renault hopes to have increased production to 2.5m units.

Presenting the results yesterday, Mr. Bernard Vernier-Palliez, the chief executive, stressed that Renault's objective for the 1980s was to become one of the world's leading motor manufacturers. Group production last year rose by a tenth to 1.89m units.

Last month the company unveiled plans for a link with Volvo of Sweden. Renault is to pay $80m for 20 per cent of Volvo's car operations through a series of share purchases culminating in 1986.

Company turnover rose by 23 per cent last year to FFr 42.2bn, while group sales increased 20 per cent to FFr 68.5bn. Worldwide production of Renault increased 10.5 per cent to 1.89m units, while exports rose 13 per cent to 1.08m vehicles, or 57.1 per cent of output.

The share of the French market increased to 35 per cent from 34.2 per cent in 1978, and penetration improved among all members of the European Community, where Renault took 12.8 per cent of the market.

Sales of Renault models rose 23.8 per cent in Italy (9.8 per cent of the market), 5.8 per cent in West Germany (5 per cent), and 34.2 per cent in Britain (5.4 per cent). Increases were also recorded in Belgium, Holland and Spain.

DAF trucks back to profits

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle maker, returned to profit in 1979 on record deliveries of just over 15,000 trucks and buses. The upturn in the first part of the year continued into the second half, though no financial details are yet available.

The 1979 result was "reasonably good," although the company is still nowhere near its target of a 12 per cent return on capital. In 1978 DAF made a net loss of Fl 16m ($8.4m) on sales of Fl 1.17bn ($616m).

The groundwork for a possible co-operation agreement with PSA-Citroen is now expected to take longer than originally thought, said Mr. Piet van Doorne, the DAF president, yesterday. He denied that the study had run into difficulties, however.

DAF and PSA-Citroen's commercial vehicle division, Dodge Trucks Europe, announced in September they were investigating the potential for technical and manufacturing co-operation. Preliminary studies had shown that the two companies would benefit from the larger-scale production of components. DAF's results improved last year following the closure of the company's loss-making trailer-manufacturing operations in the Netherlands and Spain which adversely affected profits. The military and aircraft equipment divisions also continued to suffer losses.

The rise in the value of the Deutsche Mark at the expense of the guilder increased costs, since DAF buys components from Germany but sells relatively few trucks in that country. The severe weather at the start of 1979 also hindered production.

DAF has started 1980 with a well-filled order book and extremely low stocks. Compared with the sales of more than 15,000 in 1979 the company produced 14,982 vehicles.

Cash position is "good" and no financing problems are foreseen this year and next. Short-term borrowings were converted to long-terms loans last year while DAF plans to take up Fl. 50m on the Dutch capital market early this year.

DAF decided last year to expand its production capacity from current levels of 16,000 vehicles. These investments, which will take up to three years to complete, do not take into account any co-operation with Dodge.

Production capity has been increased in the aircraft division which makes undercarriages for the F-16 fighter. Many components had to be bought in last year.

The market share in the Netherlands rose to 36 per cent last year from 34 per cent in 1978, and booked orders increased to more than 5,000 vehicles for the first time. In the UK, which is DAF's best foreign market, the market share was raised to 4 per cent from 3.7 per cent.

Van Gelder dips into the red

BY OUR FINANCIAL STAFF

DUTCH papermaker Papierfabrieken van Gelder had a loss of Fl 54m last year and further losses, probably in tens of millions of guilders, are likely in 1980 and 1981.

This was explained yesterday to a meeting of Van Gelder bond holders which agreed, by a majority to the company's plans to delay repayment on an outstanding debenture in order to finance reorganisation. The company made a net profit of Fl 27.6m in 1978.

Van Gelder "can only hope to be profitable again in two years' time, assuming there are no new negative factors." The 1979 loss forecast includes provisions for reorganisation costs.

Union Pacific sees best year

NEW YORK — Union Pacific, which has announced plans to acquire Missouri Pacific, expects fourth quarter earnings to be better than a year ago and predicts a record 1979 net income.

The final quarter continued the strong quarterly earnings gains posted through the year and was well ahead of the $79.6m or $1.67 a share of a year ago.

Revenue for 1979 was estimated at a record $4bn, topping the $2.99bn in 1978, but the company refused to predict earnings.

It is estimated that the net income per share will be about $8 or $8.25, up from the $5.55 a share in 1978 on net income of $264.1m. Final figures for 1979 will be released on January 28.

Because of Federal rules Union Pacific cannot comment on the planned purchase of Missouri Pacific for Union Pacific securities worth about $1bn. But analysts expect the acquisition could not be completed until early 1983.

AP-DJ

Boeing has record $8bn sales

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BOEING, THE U.S. airliner, missile and aerospace engineering group, has just completed the most successful year in its history, with sales in 1979 worth more than $8bn, about 50 per cent higher than the previous year's $5.5bn.

Mr. T. A. Wilson, chairman of the Boeing Company, in London yesterday, on the occasion of the listing of Boeing's shares on the London Stock Exchange, said that the company's order backlog stood at about $17bn, or 45 per cent higher than a year ago.

About 90 per cent of this backlog was with commercial customers, mainly for the company's family of jet airliners, while the rest was with the U.S. Government.

Mr. Wilson said details of the group's earnings would not be available for another three weeks, but nine-months earnings in 1979 amounted to $360.8m, or $5.63 a share, 67 per cent higher than in the previous year.

Mr. Wilson said that during 1979, Boeing stepped up production of commercial airliners from 19 a month to 28. This rate now includes a monthly production of 12 of the 727 medium-range jets, eight and a-half short-range 737s and seven 747 Jumbo jets, as well as six 707s a year.

The company estimated that future demand for its jet airliners would continue to be strong. It believed that the total market for commercial jet airliners between now and the end of 1989 would amount to $103bn at today's values.

This would include $40bn for the replacement of older aircraft, $59bn for the expansion of the world's airline passenger fleet, and some $4bn for freight aircraft.

"As the only company to provide the full range of commercial jet transports, we are naturally optimistic about our position in this market," said Mr. Wilson. In addition to the existing jets, the new 767 and 757 jets were also now attracting airline orders.

Boeing also remained optimistic about the potential growth of its military business.

The company's largest current military assignment was the Airborne Warning and Control System programme (AWACS), for 707 jets equipped with radar and electronics to monitor enemy activity in missiles and aircraft. Boeing so far has delivered 19 such aircraft, against a U.S. demand for 34.

Other military programmes include work on the Roland anti-aircraft missile, the MX intercontinental ballistic missile, the air-lauched Cruise missile, and a design competition for an advanced military transport (the CX) to move troops and cargo quickly from the U.S. to anywhere in the globe.

The London listing of Boeing's shares (sponsored by Grieveson, Grant and Company) which will be followed later this week by listing on the Zurich stock exchanges, is part of the company's programme to improve communications with Boeing's numerous European shareholders and to enable them to trade Boeing stock.

Boeing estimates that nearly 2m of its 64m outstanding shares are held in the UK, in addition to several million on the Continent, notably in Switzerland and Belgium.

Boeing shares were introduced to the Amsterdam and Brussels stock exchanges more than 20 years ago, and are actively traded in the unregulated free market in Frankfurt.

While in London Mr. Wilson will take the opportunity of meeting Sir Frank McFadzean, the new chairman of Rolls-Royce, and Sir Kenneth Keith, the retiring chairman. Rolls-Royce is building the RB-211 Dash 535 engine for the new Boeing 757 short-range jet airliner.

International Harvester loss

CHICAGO—International Harvester Company estimates an after-tax loss for the first quarter ending January 31 of $225m, or $7.30 a share, if the United Auto Workers' strike against the company continues through the end of the quarter. The loss compares with profits of $59m, or $1.91 a share, in the first quarter of the previous year.

The result is in line with the projection made in contingency plans at the start of the strike, by 35,000 UAW members, on November 1.

International Harvester said that it had cut back advertising, travel and administrative expenses, reduced officers' salaries by 20 per cent and confirmed additional credit lines as needed, all in an effort to offset strike costs.

Mr. Archie R. McCardell, president and chief executive, reiterated that the package offered by International Harvester to the union is similar to those earlier offered by competing agricultural equipment makers, Deere and Co. and Caterpillar Tractor. The difference is so-called company "take-aways." The company wants to take back certain concessions it negotiated over the years, such as mandatory overtime which its competitors have retained.

Agencies.

EUROBONDS

Attention centres on sterling sector

BY FRANCIS GHILES

STERLING DENOMINATED bonds were the only ones to show any change in price of the day in what was otherwise a dull market. Investors' attention was again concentrated on the price of silver and gold, both of which recorded very sharp gains.

Gold finished the day at $656½, thus showing a net gain of $33 while the price of silver closed $4½ higher at $41½. However, the dollar remained very steady and prices of Eurobonds were unchanged. A little activity was reported in the Floating Rate Note sector, especially on issues where the coupons are due to be re-adjusted soon.

The only dollar issues still on offer are the $23m five-year issue for Banco de Bogota and the 15-year $40m convertible for Ajinomoto. Sterling denominated issues posted gains of up to 1½ points yesterday though the average increase was around ½ a point. This rise occurred on the back of a strong rise in the price of gilts.

Rumours that a new short-dated sterling denominated bond, possibly for a French borrower, continue.

Trading in Deutsche-Mark foreign bonds remains minimal but the DM issues due to meet with a good reception. The DM150m eight-year issue for the InterAmerican Development Bank was priced at 99½ as indicated by the lead manager, Deutsche Bank. The borrower is paying a coupon of 8 per cent for this issue which yields 8.13 per cent.

The next foreign Deutsche-Mark issue is expected later this week for Oesterreichische Kontrollbank, through Deutsche Bank.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	89¾	90¼	−0⅛	+0⅛	11.91
Alex Howden XW 9½ 91	30	77	79	0	0	13.34
Aquitaine Can. 11¼ 85	30	96¾	97¼	—	—	12.08
Australian Res. 9¾ 84	30	91¾	92¼	+0⅛	+0¼	11.97
Avco O/S Cap. 10½ 87	40	91⅞	82⅝	−0¼	−0½	14.27
Beneficial Fin. 9½ 87	100	89¾	90¼	0	0	11.80
CECA Grad. Rate 12 86	100	96½	97	—	—	12.72
CECA 9¾ 99	125	†80½	81	−0¼	−0¼	12.77
Canadian Pacific 9¾ 89	50	89⅝	90⅛	0	+0¼	11.56
Carter Hawley 9¾ 86	50	89⅝	90⅛	0	+0¼	12.06
Comalco Inv. E. 10⅞ 91	40	90⅜	90⅞	0	+0⅜	11.75
Continental Grp. 9⅞ 86	100	89¾	90⅛	0	−0⅛	11.93
Dome Petroleum 10 94	50	88⅞	89⅛	0	−0⅛	11.56
Dominion Bridge 10¼ 84	30	94⅞	95⅛	0	+0⅜	11.68
EIB 11¾ 92	80	96⅞	97⅜	—	—	12.22
EIB 10 99	150	84¾	85⅜	−0¼	−0½	12.33
EIB 10⅛ 87	100	92	92¾	0	−0⅛	12.06
EIB 10.15 99	100	85⅞	86⅞	−0¼	−1	12.33
Ekportfin 11¼ 87	50	95⅞	96⅜	—	—	12.10
Export Dv. Cpn. 9¾ 84	100	91⅞	92⅜	+0⅛	+0½	11.75
Export Dv. Cpn. 9¾ 84	150	93⅛	93¾	−0⅛	+0⅛	11.81
Finland 9⅝ 89	100	87⅝	88⅜	0	+0⅜	12.08
GTE Finance 9¾ 89	55	89¼	89¾	+0⅛	+0⅞	11.61
GMAC 9⅛ 86	100	88⅛	89⅝	0	+0⅛	11.66
GMAC O/S Fin. 11 84	100	97⅜	97⅞	—	—	11.65
Gould Int. Fin. 9¾ 85	50	92¼	92¾	0	+0⅜	11.76
ITT Antilles 9½ 89	75	86⅝	87⅛	0	+0½	11.68
Kennecott Int. 9½ 86	100	87⅛	87¾	0	+0⅜	12.47
Manitoba 9½ 89	75	86½	87	−0⅛	0	11.94
Michelin 10 94	125	88⅛	88⅝	+0⅛	+0⅜	11.68
Nat. Des. Telecm. 9½ 86	100	90¼	90¾	−0⅛	+0¼	11.65
New Brunswick 9¾ 94	75	85¾	86¼	−0⅛	+0⅜	11.83
Newfoundland 10 84	50	89¼	89¾	0	−0⅛	11.53
Norges Komm 8⅞ 99	100	84½	86	−0⅛	−0⅛	12.17
Norway 9½ 84	150	92⅞	93⅛	+0⅛	+0⅛	11.67
Nova Scotia Pwr. 9¾ 89	50	88½	89¼	+0⅛	+1⅛	11.73
Occidental Fin. 10⅞ 84	50	84	84½	−0⅛	+0½	11.97
Orient Leasing 9½ 86	25	88	88½	+0¼	+0⅜	12.20
Pennwalt O/S F. 9¾ 94	25	92⅛	92⅞	0	+0⅜	11.97
Pepsico Cap. 9¼ 84	100	92½	93	−0⅛	0	11.54
Quebec Hydro 10 99	75	85¼	86¾	−0¼	+0⅛	11.78
Sears Roebuck 9 82	150	94⅛	94¾	+0⅛	+0⅜	12.12
Statoil 9⅞ 89	100	88⅝	89⅛	0	+0⅛	11.59
Sweden 9¾ 89	100	88⅝	89⅛	0	+0⅜	11.76
Sweden 9½ 86	200	90	90½	−0⅛	−0⅛	12.08
Sweden 9⅜ 84	100	93⅛	93⅞	+0⅛	+0½	11.58
Unilever NV 9¼ 87	100	88⅝	89⅛	+0⅛	+0⅜	11.52
Warner-Lambert 9 84	100	91⅜	91⅞	+0⅛	+0½	11.46

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97¾	98¼	−0¼	−0¼	8.35
Argentina 7½ 88	150	92⅞	93⅜	0	−1⅛	8.66
Asian Dev. Bk. 7¾ 89	100	93¾	94½	−0½	−0¾	8.15
Barclays O'seas 6¾ 89	100	92⅛	93⅛	−2⅛	−2½	7.77
Brazil 8 87	160	95⅝	96⅜	−0¾	−0½	8.73
CECA 7 91	160	93⅛	94⅛	+0⅛	−0¾	7.85
Council of Eur. 7¾ 89	100	95⅞	96⅜	+0¼	+0⅛	7.82
EEC 7⅞ 94	225	97⅞	98⅜	−0⅛	−0½	8.09
EIB 7½ 88	200	97¼	98	0	−0⅜	7.88
EIB 8½ 89	100	—	—	—	—	—
Finland, Rep. of 8 86	160	98½	99¼	—	—	8.22
Kobe City of 7¾ 89	150	97½	97⅞	0	−0¼	7.49
Mitsubishi Chem. 6½ 84	70	96¾	97	0	0	7.43
Neder. Gasunie 8 86	100	102⅞	103⅛	−0¼	−0⅜	7.40
New Zealand 7⅛ 87	200	97⅜	97⅞	0	−1	7.55
Nippon Kokan 6½ 84	100	94¾	95⅛	−0¼	−0¾	8.00
Nippon Tel. & T. 5½ 87	100	87½	88¼	−0⅛	−0½	7.80
Norges Komm. 7¾ 91	190	100½	101¼	+0¼	−0½	7.62
Norway 6¾ 84	200	97½	98¼	+0⅛	0	8.94
OKB 8 87	40	88½	89¼	−0⅞	−1⅛	8.13
OKB 7¾ 89	100	97⅜	97⅞	−0⅛	−0¼	7.72
Tokyo Elec. Pwr. 6½ 85	200	95	95¾	−0⅜	−0⅛	7.58
World Bank 7¾ 91	400	97	97¾	−0⅛	−0⅞	8.10
World Bank 7⅞ 90	250	97⅞	98⅜	—	—	8.14

Average price changes... On day −0⅛ on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94	94½	0	−1⅛	5.32
Aumar 5 89	60	94	94½	−1	−0¼	5.80
Australia 3⅞ 88	250	91	91¼	−0¼	+0⅛	4.84
Bergen, City of 4¾ 81	40	96½	97	+0½	+1	5.13
BNDE 5 88	75	88⅝	88⅞	−0⅛	−0⅞	6.66
BMW Overseas 4¼ 91	100	94½	95	−0⅜	−1⅛	4.84
Caisse Nat. Tele. 4⅛ 89	100	95¼	95⅞	0	−1⅛	4.94
Canada 3⅞ 89	300	92½	92¾	+0¼	+0¼	4.63
Copenhagen 4½ 91	60	94½	94⅞	+0⅜	−0¼	5.12
Council of Eur 5 89	100	95¾	96	0	−0⅜	5.55
EIB 4½ 91	100	92⅜	92¾	+0⅛	+2¼	5.39
EIB 4¾ 94	100	87½	88	−0½	−0½	5.62
Etat de France 4⅛ 89	100	97⅜	97⅞	−0½	0	4.67
GZB 4¼ 89	100	91⅜	92	−0⅛	+0½	5.35
Hiln 4½ 91	35	96	96¼	+1	−1⅛	4.00
ICI Fin. NV 3½ 94	230	81½	82	−0½	+1	5.37
Int.-Amer. Dev. 4⅛ 88	100	91¾	92	−0¾	+1⅛	5.65
Malaysia 5 89	80	90¼	90¾	+0¼	+0⅛	8.33
Nippon Tel. & T. 4⅜ 89	100	96⅜	96⅝	−0½	+0½	4.74
Nordic Bank 5 89	45	100¼	100¾	−0⅛	+0¼	4.93
Norges Komm. 4¾ 91	100	91⅝	92½	+0⅜	−1⅞	5.29
OKB 3¾ 81	100	†84¼	84½	−0⅞	0	5.67
OKB 4¾ 91	100	89⅝	89⅞	0	0	5.59
Oslo, City of 4⅞ 81	100	99	99¼	−0⅛	−0⅞	5.66
Shikoku El. Pwr. 4¾ 89	100	97⅛	97¾	+0⅛	−0⅞	5.12
Spain 4 91	100	87¾	88	+0⅛	−0½	5.48
Staweag 4¾ 91	00	96¼	96½	+0⅛	−0⅜	5.17
Voest-Alpine 4⅜ 89	90	98¾	99	+0½	+0⅜	4.90
World Bank 4⅛ 89	100	97⅛	97⅝	−0⅛	−0⅛	4.94
World Bank 4⅜ 89	150	94¼	94½	+0⅛	+0⅜	5.12
World Bank 4⅝ 91	100	93¾	93⅞	+0⅛	+0⅛	5.38

Average price changes... On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.5 89	30	90⅜	91⅜	0	+0⅛	6.65
Australia 6½ 88	20	85½	86½	+0¼	+0¼	8.99
EIB 7¾ 89	12	97¾	98¾	−0¼	−0¼	8.01
Finland 5.8 83	10	89¾	90⅜	+0¼	+0¼	8.88
Finland 6.5 88	10	87⅜	88⅜	−0⅛	+0⅜	8.98

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 86 C$	25	88⅜	88⅞	+0¼	+0⅜	12.96
Bell Canada 10¾ 86 C$	60	93	93½	0	−0⅛	12.25
Cr. Foncier 10⅛ 84 C$	30	90½	91	0	0	13.10
Ex. Dev. Cpn. 10 84 C$	50	92½	93	+0⅛	+0⅛	12.22
Fst. Can. Inv. 10 84 C$	50	90⅞	91⅜	+0⅛	−0⅛	12.75
Hudson Bay 10½ 89 C$	60	89⅞	90⅜	+0⅞	+0¼	12.33
Quebec 10¼ 86 C$	50	90⅞	91⅜	0	0	12.31
R. Bk. Canada 10 86 C$	40	91¾	92¼	−0⅛	−0⅜	11.84
R. Bk. Canada 10 94 C$	40	84⅞	85⅜	0	−0½	12.23
Copenhagen 8¾ 91 EUA	20	98¾	99¾	+0⅛	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	96	97	—	—	8.50
SOFTE 8¾ 89 EUA	40	88⅞	89⅞	+0⅛	+0⅛	10.06
Algemene Bk. 8¾ 84 Fl	75	97⅛	97⅝	−0⅛	0	8.94
Amev 8½ 86 Fl	75	97⅞	98⅜	0	−0⅛	8.87
Ned. Middbk. 8¼ 84 Fl	75	96⅜	96⅞	0	−0¼	9.27
Norway 8¾ 84 Fl	100	96	96½	0	+0⅛	9.38
Norway 8⅛ 84 Fl	100	96	96½	−0⅛	0	8.26
Rabobank 9 84 Fl	25	101	101½	+0⅛	+0½	8.66
Air France 11 84 FFr	120	98	99	+0⅛	+0⅛	11.39
Euratom 9¾ 87 FFr	150	85⅝	86⅛	+0⅛	+0⅜	12.73
Finland 11 84 FFr	80	95	96	−0⅜	−0⅛	12.27
Finland 11½ 89 FFr	70	94⅛	95⅛	−0⅛	+0⅛	12.46
Gaz de France 11 84 FFr	150	97⅛	98⅛	0	0	11.65
IBM France 11⅞ 84 FFr	120	97	97½	—	—	12.85
Renault 9¾ 85 FFr	100	88⅝	89⅝	−0⅛	−0⅛	12.58
Saint-Gobain 9¾ 86 FFr	130	85½	86½	+0⅛	+0⅛	13.10
Solvay et Cie 9¾ 87 FFr	125	83¼	84¼	+0⅛	+0⅛	13.36
Total Oil 9⅞ 87 FFr	150	93	84	+0⅛	+0⅜	13.04
EIB 11½ 91 £	25	88¾	89½	+1⅛	+1¼	13.38
Finance for Ind. 13 91 £	15	96⅜	97⅛	0	+0⅜	13.66
Fin. for Ind. 12½ 89 £	30	94	94¾	+0⅜	+1⅜	13.55
Gen. Elec. Co. 12½ 89 £	50	94¾	95	+0⅛	+1⅜	13.54
Indonesia 8¾ 91 KD	7	†93½	84	0	0	9.86
Mitsubishi 7½ 84 KD	10	†95⅜	95⅞	0	0	8.88
Norges Kom. 7½ 88 KD	12	†93⅜	93⅞	0	0	8.51
Occidental 8¾ 91 KD	7	†90¼	90¾	0	0	9.65
Akzo 9¼ 87 LuxFr	500	94⅞	95⅞	+0⅛	+0⅛	10.12
Euratom 8 87 LuxFr	500	90¾	91¾	0	0	9.74
Euratom 9¾ 88 LuxFr	500	99¼	100¼	—	—	9.80
Oslo, City of 8 88 LuxFr	500	90¼	91¼	+0¼	+0½	9.54
Volvo 9¾ 87 LuxFr	500	97⅞	98⅞	−0⅛	−0⅛	10.06

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	97⅞	98⅜	2/7	15⅛	15.48
Banco di Roma Int. 8 87	0¼	99⅞	100¼	26/4	15¾	15.75
Banco Urquijo 8 86	0⅛	97⅝	97⅞	21/3	13⅜	13.74
Bank of Ireland 5¼ 89	‡0¼	97	97½	21/2	15.69	16.13
Bank of Tokyo 5¼ 89	‡0⅛	97⅞	98⅜	25/1	16.19	16.54
Barclays O/S Inv. 5 90	0⅛	97	97½	13/6	14⅛	14.55
Bergen Bk. A/S 5 89	‡0⅛	95¾	96¼	29/2	14.31	14.91
Bque. Indo Suez 5¼ 89	0⅛	98	98½	11/7	14.69	14.95
Citicorp O/S F. 8 94	‡0⅛	98⅝	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§‡0	99½	100	23/2	15⅛	15.15
Citicorp O/S F. 84	‡0	99	99½	29/2	15	15.11
Co-operative Bk. 8 86	0⅛	97¼	98¼	16/5	15.06	15.57
Creditanstalt 5½ 91	§‡0¼	97¾	98⅛	14/3	14⅞	15.18
CNT 5¼ 86	§0¼	99⅝	99⅞	18/4	15.19	15.24
GZB 5½ 89	‡0⅛	98⅝	99⅛	1/2	16.19	16.37
Jugobanka 8 89	0⅞	94½	95½	23/5	16	16.89
Ind. Bank Japan 5¼ 87	0¼	97	97½	15/4	14⅛	14.65
LTCB Japan 5½ 88	0⅛	97¼	97¾	13/3	14⅛	14.62
LTCB Japan 5½ 89	0⅛	97⅛	97⅝	7/6	14.19	14.57
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅜	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	0⅞	99⅝	100⅛	20/6	16	15.92
Nacional Fin. 0⅞ 86	0⅛	97⅜	97⅞	25/1	11⅞	11.78
Nat. West. 5¼ 94	§0¼	97⅞	98⅛	11/4	14.94	15.23
Nippon Cred. Bk. 6½ 88	0⅛	97⅜	97⅞	12/7	14.44	14.78
Royal Bk. Scot. 5¼ 94	§‡0⅛	98¼	98¾	11/4	14⅝	14.85
Soc. C. de Baue. 6½ 87	0¼	96⅜	96⅝	3/4	13¼	13.73
Sogenal 5¾ 89	§0⅛	96½	97	13/7	14.44	14.92
Sweden 8¼ 91	‡0⅛	97½	98	18/1	15	15.35
TVO Pwr. 9 91 (D-lock)	0⅛	97⅝	97⅞	24/5	15.31	15.69
Williams & Glyn 5¼ 91	0⅛	96½	97	14/3	13	13.44
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	96	97	16/6	6.99	5.93

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅞ 89	10/79	145	98⅞	98⅝	−0⅜	−5.39
Alco Int. Fin. 9½ 94	1/80	40	92½	93¾	−0¼	15.04
Asahi Optical 7 94	11/79	605	94⅜	95⅜	−0½	7.36
Canon 6⅞ 94	8/79	570	104½	105½	−0⅛	2.65
Ciba-Geigy O/S F. 4 84	9/79	675	88⅝	89⅝	0	−4.92
Credit Suisse 4¾ 93	10/79	1325	110⅜	111⅜	+1½	0.26
Daiei Inc. 6½ 84	11/79	1020	97¼	98¼	−0⅛	5.92
Esselte 7¾ 89	8/79	159	93½	94½	−0½	−2.01
Honda Motor 5½ 89	5/79	532	107¼	108¼	+1⅞	−2.21
LPC Internatnl. 8 89	8/79	35	99¼	100¼	−0⅛	−7.22
Meidensha Elec. 7 94	12/79	210	93½	94½	0	16.38
Mitsubishi Cp. 6½ 94	10/79	604	127½	129	+2	11.83
Nippon Seiko 7¼ 94	12/79	339	95⅛	96⅛	+0⅛	4.86
Nitto Elec. Ind. 5 94	7/79	735	82⅝	83⅝	−1	−13.28
Toshiba Con. 7⅛ 94	10/79	198	97	98	−0⅛	7.98
Union Bk. Switz. 5 88	2/80	125	110⅞	112⅞	+0⅛	4.79
Fujitsu 5 84 DM	7/79	475	97¼	98⅝	−1½	47.66
Kansai Elec. 4 84 DM	4/79	1234	86½	87½	0	50.87
Tokyu Ld. Cp. 4 86 DM	4/79	493	79¼	80¼	0	51.93
Uny Co. 6½ 85 DM	11/79	1071	99⅝	98⅞	0	22.49

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Norsk Hydro eyes state petrochemical interests

BY FAY GJESTER IN OSLO

NORSK HYDRO would be interested in taking over Statoil's stake in Norway'e new Rafnes petrochemical complex, should the state oil company decide to withdraw from petrochemicals and concentrate on prodnctinn, refining and distribution of petroleum.

This is tha view of Mr. Odd Narud, Hydro's president. At present, shareholdings in the various plants at Rafnes are held by Norsk Hydro, Statoil, Saga, and Borregaard.

In an interview with *Norges Industri*, a monthly magazine published by the Norwegian Federation of Industry, Mr. Narud said It was "natural" for Statoil to represent the state'e interests in the North Sea and in the related activities of exploration, production, refining, marketing and distribution.

But where further processing of Norway'a oil and gas was concerned, it was "more appropriate" that this should be handled by companies with experience in the chemical process industry.

In an indirect reference to next year'e General Electinns, Mr. Narud said it was "not unrealistic" to assume that the future could bring a policy change regarding state participation in petrochemicals.

In principle, he believed that Hydro should seek to acquire Statoil's petrochemical interests, if and wben the opportunity aroee. The decision would, however, depend on many factors.

Mr. Narud confirmed that the £500m Rafnes complex looked like paying its way mnch earlier than expected, thanks to a 50 to 60 per cent rise in product prices caused by recent energy price increases.

The costly new plants came on stream about two years ago, when product prices were seriously depressed. Moreover, initial profitability was hit by delay in deliveries of low-priced feed stock (natural gas liquids) from Norway's Ekofisk field.

For e time, It looked as if the investment would show no profit until the mid-1980s at the earliest. Now, however, Hydro expects its share of tha undertaking to acbieve an operating profit this year which will cover "a relatively large part, if not all," of the financial costs on the company'a petrochemical investments.

"How long this favourable development will continue is impossible to predict, with tha world economic situation as volatile as It is at present," Mr. Narud declared.

Lindt and Spruengli sales rise

BY JOHN WICKS IN ZURICH

SWISS chocolate group Chocoladefabriken Lindt and Spruengli expects world aales to have risen by "a good 10 per cent" last year to et least SwFr 490m ($310m).

Within the estimated 1979 *total, sales of the Swiss parent* company are believed to bave risen by some 5 per cent to about SwFr 148m ($93.6m), whila home-market sales went up by only about 1 per cent to SwFr 111m. ($70.2m). Parent-company exports rose by at least 15 per cent over the year.

The balance of sales was accounted for by foreign licensees, leading among them companies in Germany (where sales are put at over SwFr 200m) and France: turnover of the affiliated consortium Français de Confiserie, is said to bave increased by a further 17 per cent.

* * *

INDIVIDUAL insurance companies operating in their bome markets totalled 10,586 at the start of 1979, according to Swiss Reinsurance. Some 2,536 were active on foreign markets. In all, Swiss Re puts total direct-insurance premiums for calendar 1978 et some $360bn.

Insurance business was concentrated on *North* America and Europe, aays a survey prepared by Swiss Re. Together, these two areas accounted for 79.4 per cent of 1978 premium volume and 76.5 per cent of all insurance companies. Nn fewer than 4,879 insurers, including foreign companies, were present in the U.S. market at the beginning of last year, compared with 768 in the UK.

British insurers, like U.S. companies, are ective nn 48 different national markets. The number of foreign nffices is given as 726 for British compenies and 630 for U.S. insurers. These two countries are followed by France, with 187 offices In 34 foreign countries, and Switzerland, with 145 offices in 27 foreign countries.

Of the total number nf insurance companies (including fnreign-owned entities), some two-thirds were engaged in life assurance and one qnarter in non-life business, the rest consisting nf composite companies. Swiss reinsurance points to the very large number of domestic North American life Insurers, a total of 1,924 making up 69.1 per cent of the world figure.

In the non-life list, Nnrth America eccounts for 3,040 and Europe fnr 2,745 of the domestic operators' total, while only three domestic North American insurera are listed as "composite," as compared with 388 in Latin America and 330 in Europe. This is attribnted to differences in insurance regnletions.

Only 70 foreign insurance companies are shown as having been wnrking in the U.S. at the start of 1979, of which 23 were composite insurers.

EOE to trade German options

BY OUR AMSTERDAM CORRESPONDENT

THE EUROPEAN Options Exchange is to trade in five West German options from from February 14. Call options, which give the right to buy shares in the future, will be traded in the stocks of BASF, Mannesmann, Siemens, Veba and Volkswagen.

However, certain regulations epply to the new EOE listing in order to meet the reservations of the German authorities. Only "covered" *options* may be sold. This should offset German fears that tnn many options might be traded, bringing pressure on the underlying share prices.

When treding in the German option begins, the EOE will deal in 38 stocks from six countries. *A total of 46 option classes will be traded*—38 call optinns and eight puts.

* * *

WESSANEN, the Dutch foodstuffs gronp, will pay an unchanged interim dividend of Fl 1.60 per share despite the decline in group profit in 1979.

Profit per share for 1979 will be "decidedly lower" than the Fls. 11.04 of last year. Turnover rose by about 6 per cent to Fls. 2.6bn ($1.37bn) despite the sherp reduction in Wessanen's business in milk replacers.

The results were under strong pressure from the losses in the company's cocoa processing operations. Even more serious were the problems in the milk replacer division in the Nether*lands. It has shut down almost all of its activities in this sector* to stem the further large losses whicb were threatened.

The company' financial position is described as "sound" with both the asset ratios and liquidity in e bealthy state. Investment and acquisitions can be financed without any difficulty.

Wessanen expects that the restructuring undertaken last year will lead to improved results in 1980 though some of the negative effects will continue to be felt. Uncertainties over EEC agricultural policies make forecasting difficult.

Wessanen made a net profit of Fls. 4.4m ($2.3m) in the first half of 1979 compared with Fls. 7.8m, while sales were 5 per cent higher at Fls. 1.25bn.

'Independent' profits jump

By Our Financial Staff

INCREASED profits are reported for 1979 by the Irish newspaper chain, Independent Newspapers, publishers of the Irisb Independent and the *Evening Herald*.

On sales a *fifth* higher at Irish £37.2m, profits before tax have risen by more than a quarter to Irish £4.06m from Irish £3.2m. Earnings per share are 23.2p, against 17.2p.

As a result the dividend is going up to 10p a share from the 7.4p paid for 1978 which has been edjusted for a one-for-two scrip issue.

Finnish bank expands

BY LANCE KEYWORTH IN HELSINKI

THE INCREASE in capital proposed by Kansallis-Osake-Pankki will provide the bank with the largest equity base *among stock market listed com*panies in Finland.

Mr. Veikkn Makkonen, chief general manager of the bank, says "the time seems appropriate for the new issues"—which will take the bank's capital np by more than half to FMks 621m vie a one-for-five scrip issue, and a one-for-three rights offering.

The capital market is "relatively easy just now." Industrial investment is reviving and the corporate sector will be *looking for more financing* in the coming few years.

The bank's balance sheet total at the end of 1978 was FMks 16.26bn while net earnings totalled FMks 45m. The bank maintained an 11 per cent dividend. Its liquidity ratio at the and of the year was over 7 per cent, which compares with the minimum legal requirement of 4 per cent.

ISRAELI NEWS

Zim Navigation income ahead of budget

BY L. DANIEL IN TEL AVIV

ZIM ISRAEL Navigation Company, the country's netional carrier, finished 1979 without a loss, and possibly even with a small profit, despite the sharp increase in fuel prices. Income reached US$ 630m, $80m more than bed been bndgeted.

Mr. Y. Rotem, a director *of Zim, disclosed* that the company had been able to ecquire a number of vessels at e time when prices were et e low ebb. It put seven new ships into service last year, involving an investment of $100m.

The company has also ordered three container ships powered by fuel-saving diesel engines from Dutch shipyards. The three 30,000-tonne ships contracted for will cost the company another $100m.

* * *

ELITE ISRAEL, tha chocolate and sweets manufacturing company which accounts for the lion's share of the local instant coffee and confectionery market —as well as doing some export bnsiness — reports that sales volume, gross profit and nperating profit failed to keep pace with the inflation during the first half, to September 30, of the current fiscal year. Sales totalled I£685.9m (US$18.9m) during the period, compared with I£1.07bn during the full year ended March, 1979. On an annnal basis, the increase was thus 28.5 per cent, well below the rise in the cost of living. It is estimated that over 1979 as e whole *the cost-of-living* index rose by 115 per cent.

Gross profit reached I£177.6m, against annual I£253.1m for the preceding 12 months, an annnal rise of 40.3 per cent, wbile operating profits of I£44m compared with I£66.2m for an annnal rise of 32.9 per cent.

However, thanks to other income, mainly capital gains from the sale of stock in an outside company and of index-linked bonds, net attributable earnings reached I£104.1m, *against* I£126.8m in 1978-79, an annual increase of 64.2 per cent. Earnings per share (based on net profit inclnding extraordinary items) rose by 64 per cent, acording to the company.

* * *

ELBIT—the computer-manufacturing subsidiary of the Elron group of electronic companies —reports that sales for the first half, to September, of the current fiscal year increased by 83 per cent to I£451.7m ($12.75m) and operating income, before financial expenses rose by 116 per cent. Net profit, *however*, declined by 20 per cent to I£11.2m from I£13.8m a year earlier, due to the high cost of credit.

Nevertheless the company is pushing ahead with the completion of a new plant in the development town of Carmiel, which will engage in volume production of military items.

Elbit is the largest Israeli company engaged in the development, production and marketing of computers and related services for civilian as well as military purposes. It also has a substantial expnrt *business in mini-computers, etc.*, and intends to invest additional *funds in expanding* its nverseas marketing network.

* * *

ARGAMAN INDUSTRIES, one of Israel's leading *textile pro*ducers, which also provides dyeing and finishing services for other companies, and bas subsidiaries producing equipment for the textile industry—reports that its home market sales in the half year to September 1979 lagged behind the rise in the consumer price index, but exports expanded by 54 per cent.

Total sales came tn I£334.9m ($9.2m) compared with I£482.7m in the full year to Marcb 1979. The home market accounted for I£230.6m against I£347.5m in the preceding 12-months, and exports for I£104.3m compared with I£135.2m.

Gross profit reached I£93m ($2.6m), against I£119.9m in 1978-79, but because of a 73 per cent jump (on en annual basis) in general and sales expenses, and of 78 per cent in financing expenses, pre-tax profit came to only I£36.5m compared with I£54.4m in 1978-79.

Australian margarine market rationalised

By John Rogers in Sydney

UNILEVER AUSTRALIA PTY and Allied Mills yesterday snapped up the major assets of Marrickville Holdings in a joint deal worth A$24.45m ($US27.2m). The move is aimed at rationalising the Australian margarine and vegetable oils market.

Tha purchases, mooted as long as *12* months ago, were not unexpected, as the Australia market has been over-supplied for soma years, but it took time to work oot wbo would pay the premium for consolidating and expanding its market sbare

As it turns out, Unilever will pay *A$17.7m for several* Marrickville products, including the national Miracle brand, and also acquires the main plant in Sydney, while Allied gets the grocery lines, nuts and flour divisions—together with some margarine and oil products—for A$6.75m

Unilever explained that it was "fundamentally buying production and market expansion" whila the Allied directors pointed to an expansion into the grocery area through several leased product arrangements.

With the departure of Marrickville from the marketplace, the Australian fats and vegetable oils industry will be more profitably sbared by Allied and Unilever with IXL's Provincial Traders taking the number-*three position*.

Allied will remain the leader with 35 per cent of the total wholesale and retail market, against Unilever's 30 per cent, wbile on an individual retail market comparison, Allied will command 48 per cent against Unilever's 39 per cent.

Control of Marrickvile switched to the Southern Packers group in 1977 and in the following year was taken over in a controversial "time-payment" offer.

Southern Packers is controlled by the Liberman, Lapskies, Logan, and Salter families. The remaining assets in Marrickville are its Olympic ten-pin bowling centree and several trade publications.

Fund-raising move by TNT

By Our Sydney Correspondent

THOMAS Nationwide Transport (TNT) yesterday placed 8m sbares et A$2.10 each—raising A$16.8m (US$18.7m)—with a small number of Institutions. The directors seld the issue, of 50 cents par shares carrying a premium of A$1.60, was to provide working capital.

TNT is currently involved in the partial takeover of the Australian airline, transport and television group, *Ansett* Transport Industries. TNT is bidding A$2.25 e share for all the capital in Ansett other than that held by Mr. Rupert Murdoch, its chief executive; Admacroft; and the News Corporation, which together own just on 50 per cent. TNT bolds 23 per cent nf *Ansett, so requires* funding of A$47m for the offer for the remaining capital.

It was revealed on Friday, after an Ansett board meeting recommended that TNT takeover to minority sharebolders, that Mr. Rupert Murdoch and Sir Peter Abeles, the TNT managing director, would share the job of cbief executive at Ansett after the TNT takeover is finalised.

Yesterday's placement was handled by the Sydney broker, Ord Minnet. The new shares will not participate in the interim dividend to be paid in March but in all other ways will rank equally with the existing capital.

Japanese banks face block on Eurolending till spring

BY RICHARD C. HANSON IN TOKYO

JAPANESE commercial banks will probably remain abseot from lending in the Eurocurrency market until the spring, when the monetary authorities are expected to have brought in new guidelines to cootrol the volume of loans each bank will be allowed.

Officials say that a final decision has yet to be made, but it appears most likely that the Ministry of Finance and Bank of Japan will settle for a system of quarterly limits on oew, medium, and long-term foreign currency loans. The limit under consideration will probably be based on each bank's past performaoce.

The ministry imposed a virtual ban on new Eurocurrency loans (to non-residents *of Japan) last October because* of concern that tha banks bad been too active over the past year, particularly in loans to high-risk countries. Before officials stopped approviog loans, Japanese banks hed eo raised their outstanding Eurocurrency lending so as to bring it to a year-end figure of ebout $27bn. *This represented an in*crease of around $8bn from the year earlier level.

The ministry ban, in retrospect, seems to heve been well timed, considering the uncertainties which have faced the international financial market since then, and bas met *with little overt opposition* from the banks themselves.

The banks have already submitted their lending plans (and current positions) for the first part of the year and officials will use these as a basis for deciding its new policies. Under these the Government most *likely will continue to limit the* size of Japanese participation in international loan syndications. Stricter guidelines on the funding of medium-term loans with medium-term borrowing are still under study.

The authorities appear to be interested in a U.S. proposal, *floated within* the Bank for International Settlements (BIS) to establish a reserve requiremeot system for the Eurolending market (though they have not taken a stand). *Moves within* the BIS to curb excessive expansion of the market are being watched by Japan as a guide to its own regulating policies.

Any relaxation of dollar lending ebroad seems unlikely to be matcbed by liberalisation of yen lending to foreigners. This is subject to the broed "window guidance" limits on new commercial bank yen lending, which is now set on e quarterly basis by the Bank of Japan. Since the beginning of 1979. The bank bas beld down tha ceiling on new lending as part of its efforts to control inflation.

The authorities have sought to curb yen loans abroad ever since Japan'a international payments began turning sharply into deficit. The limits bave been extended to cover the Samurai bond market, in which foreign countries and international agencies borrow yen in Japan.

The outstanding balance of yen loens to non-residents rose by about 2.5bn during last year to total around $6bn.

Bank of Bahrain lifts payout

BY MARY FRINGS IN BAHRAIN

NATIONAL BANK of Bahraio raised its profits by 25.9 per cent in 1979 to BD 3.68m ($9.7m), from BD 2.92m in the previous year. This marks the ninth consecutive year of increased annual profits for the 23-year-old bank.

Before the eod of the year, the Netional Bank aonounced e one-for-ooe scrip sbare issue, and a change in the method of calculatiog the dividend. The directors recomeoded a dividend for 1979 of 15 per cent of the bank'a profits, instead of a perceotage of the face value of the shares. This will result in a payont of BD 552,000, en increase of 38 per cent over the BD 400,000 distributed in 1978.

The directors of the one-year-old Al-Ahli Commercial Bank, whicb is also locally owned, have recommeoded the distribution of a first dividend of B$300,000 (US$795,000). This represents 7½ per cent of the bank's paid-up capital of B$4m, and may have been boosted by interest earnings on the Gulf Investment Company offshore share issue in October.

Although final year-end figures are not yet available, the bank has estimated a balance sheet total of US$79m, despite a generally depressed market.

Al-Ahli puts its total equity at US$13.2m, compared with US$42.3m for the National Bank of Bahrain and US$63.5m (including a US$18.4m subordinated loan from Kuwaiti sbareholders) for Bank of Bahrain and Kuwait.

Franklin sale completed

By Philip Bowring in Hong Kong

HONGKONG LAND has completed the purchese of the Australian retailing group Franklin Stores for A$33.6m (US$3.7m) through HK Land's supermarket and food subsidiary, Dairy Farm.

Mr. Trevor Bedford, HK Land's managing director, said the purchase would contribote significantly to earnings. Franklin turnover, he said, is about A$330m.

The purchase adds 80 supermarkets to the local group and more thao doubles Hongkong Land's Dairy Farm total world-

Abu Dhabi venture in CD issues

By Kathleen Bishtawi in Abu Dhabi

ABU DHABI bas made its first tentative venture into the creation of a secondary money market this week, with the announcement by its Investment Company that it is to issue DH 20m equivalent to $5.4m of certificates of deposit.

The certificates are for one year, fixed, and are fully negotiable. They will be based on the six months Abu Dbabi inter-bank rate. The current spread quoted by the Emirate's National Bank is between 10.75 per cent and 10.25 per cent per annum.

This first issue, which is redeemable in 1981, is being made available through the Abu Dhabi Investment Company, the merchant banking arm of the Emirate nf Abu Dbabi. The certificates will be redeemed by the Khalij Commercial Bank wben dne next year. However, bolders of the certificates will be able to use them as a form of security, though the reaction of local banks towards them is not yet apparent.

A senior official of the Khalij Commercial Bank commented that this was only as yet an experiment in the Abu Dhabi market. The minimum a holder can buy is DH 2m. Thus, this first issue will be subscribed by no more than ten people or institutions. Some 15 Government and eemi-Government institutiona and local insurance companies bave been approacbed, said the official, thougb outside sources would also be offered the chance to subscribe. "However, we expect that it will be fully taken up locally," be said.

All-round euphoria sees Gilts and Golds rise £2 more
Leading equities stage biggest gain for nearly 9 months

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 26	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18

* "New time" dealings may take place from 9.30 am two business days earlier.

Government stocks rose another two points and leading equities staged their biggest single-day rise for nearly nine months in stock markets yesterday, the start of a new trading Account. Gild shares also gave another show of remarkable strength, gaining two points and sometimes more in the wake a new record high for the bullion price.

Still enjoying freedom from tap stocks — no replacement issues were announced yesterday — and encouraged by the temporary release of special deposits with effect from tomorrow, Gilt-edged securities were again bought by domestic and overseas sources. Offerings were readily absorbed and quotations advanced progressively with the high-coupon Treasury 13¾ per cent 2000/03 A closing 2¼ points up at 99⅞.

The recently exhausted long tap, Treasury 14 per cent 1998/2001, ended 1½ points higher at 100¼; the Government broker ran out of supplies last Thursday at 96¼. Stag and other selling of Friday's exhausted short tap, Exchequer 14 per cent 1984, checked the shorts initially, but as soon as the stock was placed this end of the market, too, went higher.

Rises rarely exceeded more than ½, the ex-tap being ⅜ dearer at 97⅜, against Thursday's tender price of 96½, but Exchequer 11½ per cent established an especial gain of 1⅞ to 89¾ in clean form. Measuring the all-round buoyancy, the FT Government Securities index jumped 1.03 to 67.83, its highest since November 5 last.

Week-end Press optimism about the equity market's prospects imparted a firm tone to this sector and, helped by hopes that the steel strike will be settled sooner rather than later, the market showed good form with institutional buyers making a reappearance. Leading shares were outstanding and attracted an increased trade.

Stock shortage gave the upturn impetus and rises were approaching double figures just before the close, but in the after-hours' business prices of the leaders came off the best and the reaction gathered a little pace on reports that the U.S. was to apply further sanctions against Iran. At 3 pm, the FT 30-share index was posting a rise of 13.1 but at the close this was pared to 10.6 at 445.8 for the biggest single-day improvement since last April.

U.S. stocks were subdued. GATX ended ⅛ easier at £16⅝xd; the price published in Saturday's issue was incorrect.

Yesterday's total of 1,337 contracts was the highest in the Traded Option market since October 17 when 1,854 were done. Reflecting the current boom in gold mining issues, Consolidated Gold Fields attracted most interest with 425 deals.

Emess Lighting staged a successful debut; the shares, which came to the market via a reverse takeover by Era Ring Mills, opened at 98½p and progressed to 104p before settling at 103½p compared with the placing price of 80p.

Banks firm

With the dividend season due to start next month, some banks came in for some good support. Barclays, 412p, Midland, 342p, and NatWest, 352p, all closed 10 higher, while Lloyds put on 8 to 310p, after 312p. Hopes of a reduction in interest rates helped Hire Purchases make progress. First National Finance, which reported favourable preliminary results last week, improved 2¼ further to 13½p, while Lloyds and Scottish, 126p, and Provident Financial, 100p, rose 6 and 9 respectively. Discounts improved further with gilts, Cater Ryder adding 10 to 298p. Union put on 5 to 380p; the annual figures are due on January 23. Guinness Peat advanced 5 to 99p in Merchant Banks where Antony Gibbs appreciated 3 to 75p as the market awaited further details of the Hongkong and Shanghai bid approach.

Following the Board's further rejection of Marsh and McLennan's offer of 169p per share, Bowring hardened a penny to 141p. Other Lloyds brokers were firm with bid hopes helping Stewart Wrightson advance 7 to 185p and Hogg Robinson 6 to 94p. Brentnall Beard jumped 4 to 16p.

Building descriptions attracted increased interest and closed better throughout. Costain came in for support and added 6 to 142p, while Wimpey firmed 5 to 69p and Taylor Woodrow 7 to 330p. Anticipating today's annual results, SGB put on 13 to 238p, while favourable Press comment lifted F. J. C. Lilley 4 to 81p. Howard Shuttering responded to the higher interim profits with a gain of 3 to 32p. In Timbers, Magnet and Southerns put on 3 to 14p; the annual results are due tomorrow.

ICI encountered useful demand and touched 374p before settling a net 6 up at 372p. Fisons firmed 5 to 290p on further support. Among the more speculative issues, Arrow Chemical responded to buying with a gain of 6 to 102p, while Allied Colloids put on 4 to 138p; the latter's half-yearly results are due tomorrow.

House of Fraser up

Leading Stores started the new Account in buoyant mood with technical factors again playing a major part. However, closing levels were below the day's best following late publication of the disappointing retail sales figures for December. House of Fraser stood out with a rise of 10 to 118p, after 120p, following a Press suggestion that Lonrho will soon acquire the outstanding 70 per cent of Fraser's shares it does not already own. Gussies A added a like amount to 380p, after 382p, while British Home put on 8 to 245p and W. H. Smith A hardened 5 to 156p. An investment recommendation left Debenhams a few pence higher at 75p, but Marks and Spencer finished only 2 dearer at 89p, after 91p. Elsewhere, Bakers Household were wanted at 96p, up 11, and Ernest Jones gained 8 more to 188p. Nervously sold and down 6 last Friday, Kitchen Queen remained on offer following adverse comment and fell a further 6 to 28p, after 26p.

The electrical leaders ended well below the best, GEC closing 3 firmer at 350p, after 355p, and Thorn 2 harder at 298p, after 302p. Secondary issues recorded widespread and sometimes substantial gains. United Scientific were prominent at 397p, up 17, while Electrocomponents, 443p, and Kode, 220p, rose 10 and 8 respectively. Smaller-priced issues to make headway included Newman Industries, 4 up at 55p, and Ward and Goldstone, a similar amount dearer at 67p. Decca, however, encountered scattered profit-taking after recent firmness on bid hopes, the Ordinary reacting 5 to 350p and the A 4 to 316p.

Selective support was forthcoming for the Engineering leaders, with GKN outstanding at 258p, up 6. John Brown were reasonably active and improved 3½ to 64p, but Tubes closed only 2 firmer at 260p, after 262p, while Hawker ended a similar amount higher at 182p. Buying was also evident in secondary issues, but some of the gains were out of proportion to the amount of business transacted. Still reflecting compensation hopes, Vosper gained 8 more to 205p. United Engineering encountered fresh support and put on a similar amount to 102p.

Tate and Lyle featured a generally firm Food sector with a gain of 10 to 160p, after 162p; the half-yearly results are due tomorrow. Associated Dairies, with interim results due at the end of the month, firmed 4 to 186p, and fresh speculative support lifted Avana 5 to 100p and prompted a gain of 3 to 127p in Robertson.

Grand Metropolitan, annual results on Thursday, added 6 to 143p, but Trusthouse Forte, which reports today, hardened just a penny to 144p. Elsewhere in Hotels and Caterers, Beo Stakis came in for support ahead of tomorrow's annual results and put on 7 to 52p.

Keen buying, some of which was institutional, in a market none-too-well supplied with stock helped the miscellaneous industrial leaders begin the week on a firm note. Best levels were not held but Glaxo still ended 8 to the good at 468p, while Unilever, 478p, Rank Organisation, 186p, and Reckitt and Colman, 200p, all closed 6 up. Elsewhere, firm features abounded. Kelsey Industries met persistent buyers and rose 17 to 120p, while Restmor advanced 8 to 92p in response to the sharp increase in first-half earnings. Favourable Press comment prompted a rise of 9 to 220p in Sketchely and a gain of 8 to 120p in Thomas Tiling. Still reflecting recent investment comment, Myson advanced 5½ more to 64½p, while De La Rue gained 10 more to 610p on share-slimming hopes. Revived bid speculation left Extel 5 up at 178p, after 180p, and Diploma Investments jumped 12 to 382p on speculative support. Broken Hill Proprietary added 30 to 875p. By way of contrast, E. Elliott fell 6 to 38p on the first-half profits setback.

News that the appeal against the refusal to renew gaming licences is to be heard on February 27 encouraged demand for Ladbroke which put on 8 to 140p.

The Motor sector attracted a reasonable two-way business.

Still drawing strength from the better-than-expected results, Associated Newspapers added 4 more to 289p for a gain of 20 since the announcement. Daily Mail A, which also reported higher profits, gained 10 to 488p. Renewed interest was shown in News International which put on 11 to 151p. Among Paper/Printings, buying ahead of next Thursday's annual results lifted Associated 6 to 46p.

Spurred on by hopes that interest rates may soon fall, leading Properties made another particularly firm showing. Land Securities stood out, at 280p, while Stock Conversion, half-yearly results tomorrow, added 6 to 376p. Great Portland Estates attracted buyers and put on 7 to 213p.

Secondary oils good

Secondary Oils enjoyed a relatively lively and firm trading session. Buying interest revived in Aran Energy which advanced 26 to 300p and Siebens (UK) put on 14 to 472p. Tricentrol and Woodside improved 6 apiece to 256p and 137p respectively, while Santos rose 28 to 385p. Among the leaders, British Petroleum advanced to 338p before closing 4 up at 334p, while Shell also ended 6 up at 326p, after 328p. Weekend Press mention assisted a gain of 16 to 638p in IC Gas.

Among overseas traders favourable Press comment left Lonrho 6 up at 92p.

Reflecting the general advance in equities, Trusts recorded widespread gains throughout the list. Alliance put on 8 to 190p, while Atlantic Assets, 136p, and Guardian, 75p, rose 6 and 4 respectively.

Shippings trended firmer in places, Walter Runciman improving 5 to 102p and Ocean Transport 3 to 89p. Milford Docks gained 8 to 185p following shareholders' rejection of the bid to reconstitute the Board.

Textiles recorded some useful gains. Still reflecting the second-half upturn, Sidlaw improved 4 more to 84p. Gains of 4 were also recorded in Dawson, 97p, and Nottingham Manufacturing, 80p, while Courtaulds put on 3 to 79p with the aid of Press mention.

South African industrials showed further good gains in sympathy with the current strength of gold mining issues. Barlow Rand added 12 to 342p, while Greatermans A, 340p, and O. K. Bazaars, 565p, put on 20 apiece.

In firm Plantations, Majedie rose 13 more to 103p, while Press comment helped London Sumatra and Castlefield, up 13 at 333p and 10 at 340p respectively.

Gold boom continues

South African Golds rose to their best levels since early September 1975 as the bullion price surged a further $33 to $856.50—a two-day gain of $56 —amid increasing international tension over Iran and Afghanistan.

Share prices were marked sharply higher at the outset reflecting the heavy American buying reported late on Friday evening. Thereafter, they encountered strong and persistent buying demand from all international centres.

The emergence of very heavy American support in the after-hours' trading saw prices stage a fresh leap to close at the day's best.

The Gold Mines index registered one of its biggest ever one-day rises to show a 25.7 gain at 320.6—a jump of over 54 points in the last three trading days.

Among the heavyweights, improvements of £2¾ were seen in "Amgold," £43¼, and Randfontein, £31½, while gains of around £2 were common to West Driefontein, £34¼, Free State Geduld, £23, and Western Holdings, £26¼.

Medium-priced issues were featured by the welter of buying demand for Doornfontein and Venterspost which soared around 130 apiece to 650p and 632p respectively.

The "marginals" attracted sizeable speculative buying from the Cape, and from U.S. sources in the after-hours' business. Loraine were outstanding with a jump of 115 to 352p, while Grootvlei put on 75 to 385p, South African Land 58 to 290p, and Wit. Nigel 19 to 110p.

The heavy buying of Golds spilled over into Financials, Platinums and Coppers, while Australians moved ahead across a broad front helped by favourable weekend Press mention and a fresh upsurge in overnight domestic markets.

U.K. INDICES

FINANCIAL TIMES

Average week to	Jan. 11	Jan. 4	Dec. 28
Govt. Secs.	65.67	64.82	65.48
Fixed Interest	66.54	65.73	66.01
Indust. Ord.	425.0	410.5	416.7
Gold Mines	281.5	285.1	269.5
T'tl. bargains	20,503	16,789	10,089

FT ACTUARIES

Capital Gds.	215.98	210.97	214.12
Consumer (Durable)	197.42	187.87	192.51
Cons. (Non-Durable)	208.99	202.11	204.61
Inds. Group	211.97	205.80	208.57
500-Share	248.58	243.80	247.05
Financial Gp.	180.83	178.76	182.45
All-Share	231.61	227.45	230.20
Red. Debs.	49.26	49.30	49.35

FINANCIAL TIMES STOCK INDICES

	Jan. 14	Jan. 11	Jan. 10	Jan. 9	Jan. 8	Jan. 7	A year ago
Government Secs.	67.83	66.80	65.83	65.34	65.30	65.07	[illegible]
Fixed Interest	68.00	67.58	66.46	66.39	66.29	65.96	70.07
Industrial	445.8	435.2	430.8	423.5	416.6	417.9	[illegible]
Gold Mines	320.6	294.9	280.5	266.5	279.2	296.4	[illegible]
Ord. Div. Yield	7.36	7.50	7.56	7.68	7.83	7.78	[illegible]
Earnings, Yld. % (full)	18.30	18.27	18.82	19.12	19.48	19.29	[illegible]
P/E Ratio (net) (*)	6.93	6.69	6.54	6.44	6.32	6.38	[illegible]
Total bargains	26,185	24,066	19,399	18,849	19,784	20,486	—
Equity turnover £m	—	132.07	101.76	93.65	88.16	[illegible]	[illegible]
Equity bargains total	—	16,127	14,557	12,312	15,708	[illegible]	[illegible]

10 am 438.6. 11 am 442.6. Noon 444.7. 1 pm 446.6.
2 pm 448.0. 3 pm 448.3.
Latest Index 01-246 8026.
*Nil=6.49.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.81 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	320.6 (14/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.2 (26/10/71)

S.E. ACTIVITY

	Jan. 14	Jan. 11
—Daily		
Gilt Edged	162.6	166.7
Industrials	131.0	136.9
Speculative	72.1	78.7
Totals	95.0	98.6
5-d'y Av'r'ge		
Gilt Edged	144.7	148.7
Industrials	116.3	112
Speculative	75.4	[illegible]
Totals	86.8	[illegible]

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (84)

AMERICANS (3)
ASA, Asarco, Chesebrough-Ponds
BANKS (1)
First Natl. Finance
BEERS (1)
Tomatin
STORES (2)
Burton, Mothercare
ELECTRICALS (4)
Ferranti, United Scientific, Pifco, Do. A
ENGINEERING (3)
Associated British, R.H.P., Whessoe
INDUSTRIALS (7)
De La Rue, Dundonian, Kennedy Smale, Natl. Carbonising, Office & Elec., Sketchley, Stelux
NEWSPAPERS (2)
Assoc. Newspapers, Int. Thomson Conv.
Daily Mail A.
SHIPPING (1)
Runciman (W.)
SOUTH AFRICANS (2)
Greatermans A, OK Bazaars
TEXTILES (1)
Nova (Jersey)
TRUSTS (3)
Rothschild Inv., West of England, Majedie
OIL & GAS (8)
Aran Energy, Cambridge Pet., Cluff Oil A, Imp. Cont. Gas, Magnet Metals, Santos, Siebens (UK), Woodside
OVERSEAS TRADERS (1)
Lonrho
RUBBERS (1)
London Sumatra
TEAS (1)
Lunuva
MINES (42)
Bracken, East Daggafontein, E.R.G.O., Grootvlei, Kinross, Leslie, S. African Land, Vlakfontein, Winkelhaak, Wit. Nigel, Buffels, Doornfontein, East Driefontein, Elsburg, Libanon, Venterspost, West Driefontein, Western Areas, F.S. Geduld, F.S. Saaiplaas, Loraine, President Steyn, St. Helena, Welkom, Charter Consolidated, Consld. Gold Fields, Gold Fields S.A., Rand London, Selection Trust, Silvermines, Tanks Consll., Rustenburg Plat., Coronation, Central Pacific, Eagle Corporation, M.I.M., Paringa, Seltrust, Southern Pacific, Swan Resources, Malay Dredging, Messina

NEW LOWS (11)

AMERICANS (2)
Exxon, Morgan (J. P.)
BUILDINGS (1)
Modern Engineers
STORES (1)
Kitchen Queen
ENGINEERING (1)
Lane (Percy)
INDUSTRIALS (3)
Brit. Cargo Air 6pc Cnv. Pref., Monument, Petrocon
LEISURE (2)
Boosey & Hawkes, Howard & Wyndham
TRUSTS (1)
Jove Inv.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	275	66	15	—	—	—	—	337p
BP	300	41	52	51	—	—	—	"
BP	325	16	—	31	5	—	—	"
BP	350	2	25	20	16	—	—	"
BP	390	—	—	—	—	28	5	"
BP	400	½	—	11	5	—	—	"
Cons. Gold	220	222	—	236	12	—	—	442p
Cons. Gold	260	185	—	198	38	205	—	"
Cons. Gold	280	125	1	175	—	186	—	"
Cons. Gold	360	85	30	101	2	182	—	"
Cons. Gold	390	55	7	80	59	100	—	"
Cons. Gold	420	25	28	60	19	80	—	"
Cons. Gold	460	8	37	37	174	51	17	"
Courtaulds	70	9½	7	14	—	16	—	79p
Courtaulds	80	1½	—	7½	—	8	10	"
Courtaulds	90	¼	—	4½	—	5½	5	"
Courtaulds	100	¼	2	—	—	—	—	"
GEC	360	5	8	28	1	43	—	354p
GEC	390	½	—	15	4	88	5	"
Grand Met.	128	15	96	—	—	—	—	143p
Grand Met.	130	—	—	18½	5	26½	—	"
Grand Met.	138	7	36	—	—	—	—	"
Grand Met.	140	—	—	15	5	19	—	"
Grand Met.	160	—	—	3	10	10½	—	"
ICI	330	44	20	61	5	57	—	375p
ICI	360	15	31	31	18	45	—	"
ICI	390	½	10	13	15	27	—	"
Land Secs.	260	20	65	36	—	49	—	279p
Land Secs.	280	5	82	31	5	29	1	"
Land Secs.	300	½	—	18	61	20	—	"
Marks & Sp.	70	22	—	25	5	27	—	90p
Marks & Sp.	80	19	19	16	42	19½	11	"
Marks & Sp.	90	2½	—	10	11	12	4	"
Marks & Sp.	100	¼	—	5	38	7	—	"
Shell	360	—	—	22	—	36	2	327p
Shell	350	1½	1	—	—	—	—	"
Totals			440		591		60	
		February		**May**		**August**		
Boots	160	26	—	34	—	35	5	180p
Boots	160	7	—	17	1	26	—	"
Imperial Gp.	70	10½	—	11½	—	13	10	79p
Imperial Gp.	80	2½	—	4½	66	6½	5	"
Racal Elec.	200	17	—	30	9	37	—	207p
Racal Elec.	220	7	39	19	5	28	—	"
RTZ	300	57	2	84	9	94	—	359p
RTZ	330	40	31	50	—	73	—	"
RTZ	360	20	62	41	28	54	30	"
Totals			174		102		40	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	76	—	12
Corpns. Dom. and Foreign Bonds	20	—	46
Industrials	641	78	[illegible]
Financial and Prop.	322	25	151
Oils	30	2	10
Plantations	17	1	10
Mines	101	2	[illegible]
Others	51	34	[illegible]
Totals	1,258	140	1,037

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Jan. 14, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Jan. 11 Index No.	Thur., Jan. 10 Index No.	Wed., Jan. 9 Index No.	Tues., Jan. 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	224.51	+1.7	19.38	6.90	6.52	220.75	217.56	215.09	212.71	236.37
2	Building Materials (27)	207.76	+1.9	18.92	7.34	6.78	203.80	200.39	198.46	196.62	208.96
3	Contracting, Construction (29)	335.71	+3.4	27.51	7.14	4.49	324.62	319.38	316.80	316.73	358.72
4	Electricals (15)	580.68	+1.0	13.88	4.28	9.61	574.84	567.20	560.77	553.64	552.77
5	Engineering Contractors (11)	294.89	+2.7	26.30	8.68	4.86	287.10	281.44	275.61	275.31	366.55
6	Mechanical Engineering (74)	158.15	+1.6	21.80	8.20	5.68	155.59	153.40	151.44	149.29	185.05
8	Metals and Metal Forming (16)	153.62	+1.8	21.67	9.89	5.56	150.96	149.19	147.54	145.54	163.46
11	CONSUMER GOODS (DURABLE) (50)	205.57	+1.3	17.47	5.96	7.05	202.93	200.62	198.86	191.96	211.92
12	Lt. Electronics, Radio, TV (15)	281.97	+1.1	13.78	4.62	9.26	278.78	276.05	273.62	260.65	268.56
13	Household Goods (14)	113.72	−0.3	26.62	9.53	4.55	114.06	112.83	112.29	112.70	166.48
14	Motors and Distributors (21)	109.28	+2.1	24.55	8.47	4.81	107.07	105.41	104.42	103.18	122.38
21	CONSUMER GOODS (NON-DURABLE) (173)	219.37	+2.1	18.28	6.86	6.76	214.87	211.67	208.13	204.87	211.25
22	Breweries (14)	261.87	+1.5	16.71	6.68	7.03	257.88	256.49	255.02	252.59	234.81
23	Wines and Spirits (5)	313.22	+1.5	17.33	5.92	7.12	308.55	304.05	300.00	294.50	294.63
24	Entertainment, Catering (17)	298.50	+3.4	17.70	6.61	7.33	288.57	288.11	279.25	276.99	274.60
25	Food Manufacturing (19)	200.62	+1.7	20.20	7.25	6.13	197.26	193.84	192.56	190.25	200.62
26	Food Retailing (15)	315.19	+1.5	13.07	4.50	9.15	310.47	302.42	296.92	291.10	231.64
32	Newspapers, Publishing (13)	417.11	+2.0	23.90	7.20	5.76	409.13	399.67	392.87	388.63	388.52
33	Packaging and Paper (15)	120.66	+1.9	24.61	9.41	5.23	118.36	115.12	114.14	113.24	134.99
34	Stores (43)	212.10	+2.5	14.52	5.35	8.90	206.87	204.28	199.88	194.49	196.81
35	Textiles (23)	132.74	+2.7	27.40	12.20	4.63	129.24	128.09	126.09	124.91	180.67
36	Tobaccos (3)	217.20	+1.7	26.24	10.26	4.30	213.56	207.92	202.45	201.87	235.81
37	Toys and Games (6)	45.76	+1.2	35.77	15.65	3.53	45.20	45.63	46.15	45.43	90.88
41	OTHER GROUPS (98)	197.94	+2.1	15.88	6.79	7.67	193.86	191.95	189.51	186.82	199.11
42	Chemicals (18)	292.80	+1.6	16.63	6.81	6.95	288.16	286.74	282.72	279.21	278.64
43	Pharmaceutical Products (7)	209.53	+2.3	12.15	6.10	10.04	204.88	203.95	198.98	194.53	248.59
44	Office Equipment (6)	106.74	+2.3	18.70	7.90	6.68	104.30	104.89	103.40	103.19	144.24
45	Shipping (10)	419.62	+0.9	12.61	7.70	10.12	415.91	411.53	414.68	414.21	422.78
46	Miscellaneous (57)	233.55	+2.7	17.04	6.75	7.43	227.46	222.97	220.96	217.32	213.53
49	INDUSTRIAL GROUP (493)	221.41	+1.9	17.91	6.79	6.92	217.19	214.30	211.33	208.05	221.43
51	Oils (7)	684.16	+1.5	16.46	6.99	6.57	674.03	680.76	673.25	663.86	511.54
59	500 SHARE INDEX	258.20	+1.9	17.62	6.83	6.84	253.50	251.30	247.96	244.57	245.55
61	FINANCIAL GROUP (117)	188.03	+2.1	—	5.88	—	184.25	181.11	179.86	179.23	173.75
62	Banks (6)	219.51	+2.3	37.89	5.92	3.37	214.55	210.59	212.40	214.02	211.26
63	Discount Houses (10)	232.74	+1.1	—	8.52	—	230.19	219.83	217.74	213.01	224.34
64	Hire Purchase (5)	177.71	+5.4	19.93	5.35	6.35	168.65	167.39	166.57	164.25	167.69
65	Insurance (Life) (10)	156.83	+1.0	—	6.71	—	155.22	153.11	152.99	152.94	136.85
66	Insurance (Composite) (8)	125.72	+1.9	—	7.75	—	123.36	121.41	119.93	120.09	123.01
67	Insurance Brokers (10)	284.76	+1.8	17.51	6.89	8.17	279.65	277.08	274.28	276.20	314.32
68	Merchant Banks (14)	92.24	+1.9	—	6.45	—	90.56	89.16	89.03	88.25	80.01
69	Property (44)	338.32	+2.3	3.90	3.17	36.79	330.86	323.68	315.99	309.57	275.95
70	Miscellaneous (10)	125.67	+1.7	15.14	7.21	8.59	123.57	122.64	122.75	121.45	113.80
71	Investment Trusts (109)	204.98	+3.4	—	5.98	—	198.26	195.37	194.10	191.64	209.29
81	Mining Finance (4)	180.79	+1.7	12.75	4.89	9.52	177.82	172.82	174.78	171.77	110.83
91	Overseas Traders (20)	348.29	+1.9	14.41	7.20	8.37	341.67	338.81	333.65	330.99	318.18
99	ALL-SHARE INDEX (750)	240.81	+2.0	—	6.57	—	236.15	233.56	230.95	228.22	226.30

FIXED INTEREST PRICE INDICES

	British Government	Mon., Jan. 14	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.25	+0.29	0.28	0.36
2	5-15 years	107.19	+1.29	—	0.00
3	Over 15 years	112.67	+1.91	—	0.00
4	Irredeemables	130.58	+3.38	—	0.00
5	All stocks	106.76	+1.21	0.11	0.13

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Mon., Jan. 14	Fri., Jan. 11	Year ago (approx.)
1	Low Coupons	5 years	12.20	12.27	9.77
2		15 years	11.96	12.28	11.61
3		25 years	11.97	12.25	12.42
4	Medium Coupons	5 years	14.21	14.37	12.91
5		15 years	13.73	13.97	12.98
6		25 years	13.55	13.82	12.98
7	High Coupons	5 years	14.62	14.82	13.09
8		15 years	14.15	14.44	13.46
9		25 years	13.83	14.11	13.46
10	Irredeemables		11.26	11.65	12.14

		Mon. Jan. 14 Index No.	Mon. Jan. 14 Yield %	Friday Jan. 11	Thurs. Jan. 10	Wed. Jan. 9	Tues. Jan. 8	Mon. Jan. 7	Friday Jan. 4	Thurs. Jan. 3	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.75	†14.86	49.53	49.36	49.25	49.13	49.12	48.88	49.24	54.72
16	Investment Trust Prefs. (15)	46.80	14.34	46.85	46.49	46.42	46.45	46.46	46.34	46.34	61.53
17	Coml. and Indl. Prefs. (20)	61.64	14.56	61.67	61.52	61.28	61.24	61.24	61.59	61.36	72.45

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Cons. Gold Fields	25p	13	443	+7	443	178
ICI	£1	12	372	+6	415	314
Charter Cons.	2p	9	156	+5	159	69
LASMO	25p	9	384	+4	398	124
BP "New"	25p	8	134	+6	182	128
First Nat. Fin'ce	10p	8	13½	+2¼	13½	5¼
Lonrho	25p	8	92	+6	92	62
RTZ	25p	6	360	+5	362	226
De Beers Defd.	R0.05	7	451	+22	500	332
Dunlop	50p	7	59	+3	80	43
GEC	25p	7	350	+3	456	311
Marks & Spencer	25p	7	89	+2	134	76
NatWest Bank	£1	7	352	+10	406	278
Shell Transport	25p	7	326	+6	402	278
Barclays Bank	£1	6	412	+10	514	360

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19

For rate indications see end of Share Information Service

Stocks to attract money for the call included Coral Leisure, Lonrho, Tricentrol, Woodside Petroleum, KCA International, J.E. Sanger, Racal, Shell Transport, British Petroleum, George Ewer, Raybeck, Burmah Oil, Consolidated Gold Fields, Vickers, Dunlop, Lasmo, First National Finance, Lex Service, Maple, John Brown, Kitchen Queen, Premier Consolidated and Status Discount. Puts were arranged in First National Finance, ICI, GEC, and Free State Geduld, while double options were transacted in First National Finance, C.T. Bowring, George Ewer, Burmah Oil, Lonrho and Lasmo.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price	+ or −	Net Div.	Times Covered	Gross Yield	P/E
¶70	F.P.	—	92	82	‡‡Bio-kil Chem. 10p	[illegible]	+4	[illegible]	[illegible]	[illegible]	[illegible]
363	150	20/2	189	128	B.P. 'New'	[illegible]	−5	[illegible]	[illegible]	[illegible]	[illegible]
§90	F.P.	11/1	111	101	Conder Intl.	10[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
§80	F.P.	—	104	98½	Emess Lighting	10[illegible]	—	56.0	2.0	8.3	[illegible]
¶	F.P.	25/1	130	118	Haynes P'blish'g 20p	130	+5	26.0	1.1	6.5	8.[illegible]
§41	F.P.	—	47	41	Lontrim	42	—	23.36	1.5	11.4	10.[illegible]
£10	F.P.	—	£10½	£10	Sel Mkt TstPrtRedPrf	£10½	—	—	—	—	—
¶	F.P.	11/1	74	68	Spring Grove 10p	71	+2	b4.0	1.8	8.0	9.7
‖	F.P.	—	£27	£25½	WereldhaveNVOFL 20	£26	—	QFl.6	1.1	6.1	17.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
§	F.P.	19/12	94	90½	Amber Day 10½% Cum. Red. Pref. '93-02	91	—
¶	£10	28/2	10¼	10½	B'mem'th & District W'ter Red. Pref. 1985	10¼	—
¶	F.P.	31/1	99	92½	Bristol Waterworks 9% Red. Pref. 1984	93½	+1½
	F.P.	23/1	98	90	Dundonian 11¼% Cum. Conv. Pref	98	—
**	F.P.	8/2	86p	85p	Hewitt (J.) 10pc Cum Pref.	85p	—
¶	F.P.	25/1	91½	91½	Mid-Sussex Water 7% Red. Pref. 1985 New	91½	—
¶¶	F.P.	13.2	88½p	78p	Thorn Elec. 7¼Con. Red. 2ndComPrf92-99	88p	+1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979/80 High	1979/80 Low	Stock	Closing price p‡	+ or −
13½	Nil	24/1	21/2	10pm	8pm	Associated British Engineering	10pm	+½
220	F.P.	—	—	45	29	Dundonian	45	+2
40	Nil	22/1	29/2	41pm	29pm	Elson & Robbins	41pm	+8
560	F.P.	5/1	24/1	780	660	Hammerson Prop. & Inv. Trust	780	+16
60	F.P.	5/1	24/1	770	560	Do. A	770	+10
A$1	Nil	—	—	45pm	20pm	Hanimex Corp.	38pm	—
12½	Nil	7/1	28/1	25	17½	Laganvale Estates	25	+3
60cts	Nil	—	—	340pm	180pm	Pancontinental	340pm	+40
200	F.P.	3/12	1/2	214	200	Pilkington Bros	213	−1
34	F.P.	11/1	15/2	48½	44	Wearwell	48	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 55.6 58.5 — 2.29
Next dealing January 17.
Lloyds Trust Gilt 9.11 9.12 — 13.50
Next dealings Jan. 16.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF400.50 429.00 — 0.8
Lloyds Int. Income SF269.50 280.00 — 6.40

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Jan. 8 US$5.27 5.44 — —
Australian Ex. Jan. 9 US$5.17 5.45 — —
Gold Ex.Acc. US$4.40 40.43 — —
Island 129.5 137.8 +1.4 3.80
(Accum Units) 192.6 204.9 +2.1 3.80

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 94.9 95.4 — 13.00

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Dec. 31 SF47.95 52.05 — 3.38
Japfest Dec. 31 HK$15.06 16.25 — 1.18
117 Group Dec. 31 US$12.67 13.63 — 3.08
117 Jersey Dec. 27 £5.69 6.64 — 1.70
117 Jersey O's Dec. 19 £6.31 6.41 — 3.69

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
*Hope St. Fd. US$32.88 — —
*Murray Fund US$15.12 — —
*NAV Dec. 31.

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 45.6 47.0 — 12.77
Equity Fund 46.1 48.0 — 4.17

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV Jan. 11 US$12.95 — +0.16 —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Oct. 19 £4.35 — —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV Jan. 11 US$13.26 +0.03 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.62 2.83 — —
Far East Fund US$1.88 2.04 — —
Intl. Currency Fund US$1.50 1.62 — —
Dollar Fxd. Int. Fund US$1.75 1.90 — —
Ster. Exempt Gilt Fd. £1.28 1.39 — —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 43.6 45.8 — —
Sterling Equity Fd. [illegible] — —
Intnl. Bond Fd. [illegible] — —
Intnl. Equity Fd. [illegible] — —
Prices at Jan. 9. Next dealing Jan. 16.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. 80.1 85.9 — 13.97
Quest Intl. Secs. $0.964 1.037 — 2.89
Quest Intl. Bd. $0.903 0.956 — 9.48
Prices on Jan. 9. Next dealing Jan. 16.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 155.8 171.3 +15.2 —
Do. Diamond Bd. 128.6 135.5 — —
Do. Em Income Bd. 132.5 141.4 +0.9 13.9
Midway Deposit Bd. 104.27 107.35 — 16.65
Carrilon C.G.T. Bd. 57.8 60.9 −3.8 —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$1.65 1.75 — 1.02
OCSm. Co.*** 84.6 90.0 — 3.25
O.C. Commodity* 183.3 196.1 — 5.34
O.C. Dir. Comdty.† US$35.20 40.05 — 0.67
O.C. Sterling Fd. [illegible] +0.05 —
*Prices on Dec. 31. Next dealing Jan. 14.
†Prices on Jan. 7. Next dealing Jan. 21.
**Daily dealings. ***Jan. 15.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.66 9.87 — —
Prices on Jan. 7. Next dealing Jan. 16.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. US$10.34 11.03 — 2.33
R.T. Int'l. (Jsy.) Fd. 78.0 83.0 — 3.73
Prices Jan. 8. Next dealing Jan. 15.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Funds denominated in U.S. Dollars
Dir. Fxd. Int.**† 8.19 8.72 — 8.26
Internat. Gr.*† 8.76 9.48 — —
Far Eastern*† 10.62 11.49 — —
North American*† 4.99 5.40 — —
Sepro**† US$16.50 18.03 — —
Funds denominated in Sterling
Channel Capital*† 68.8 72.5 +1.1 1.60
Channel Islands*† 69.6 73.3 +1.0 6.44
Commod.*** 186.9 196.9 — —
St. Deposit*** 114.4 114.5 — 0.22
St. Fixed*** 100.5 106.2 — 13.18
Funds denominated in other Currencies
Deutschmark Bd.**† 9.48 10.02 — 4.99
Yen Bd.**† 939.0 989.0 — 5.06
*Prices on Jan. 8. **Jan. 9. ***Jan. 4. ****Jan. 10. ‡Weekly dealings. †Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
S.A.I.L. 59.0 62.0 — 11.60
S.A.O.I. 0.86 0.91 — 8.25
Gilt Fd. 20.2 20.4 +0.3 13.48
Intl. Fd. Jersey 98.0 103.0 +3.0 3.40
Intnl. Fd. Lxmbrg. $13.67 14.39 +0.34 —
*Far East Fund 94.0 99.0 — —
*Next sub. day Jan. 16.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 77.5 82.4 — —
$Equity US$1.654 1.759 — —
£Fixed Interest 144.9 154.1 — —
$Fixed Interest US$1.141 1.213 — —
£Managed 109.4 116.3 — —
$Managed US$1.385 1.473 — —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Cheap S Jan. 10 US$15.26 — 2.09
Trafalgar Dec. 31 US$190.97 — —
Asian Fd. Jan. 7 US$19.93 21.57 — 2.79
Darling Fd. Dec. 28 A$2.75 2.93 — 4.40
Japan Fd. Jan. 10 US$6.78 7.25 — 0.69
American Inv. US$15.87 — 2.21

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$3.833 4.2001 — —

Singer & Friedlander Ldn. Agents
20, Cannon St., EC4. 01-248 9646
Dekafonds DM23.38 24.62 −0.14 6.80
Tokyo Trust Dec. 28 US$32.0 — 2.50

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV Jan. 7 US$10.01 — —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 107.32 112.97 — —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £4.95 5.06 −0.01 —
Copper Trust £16.28 16.67 +0.32 —
Jap. Index Tst. £6.46 6.61 −0.06 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 99.6 104.8 — —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 47.3 49.8 — 4.87
TSB Guernsey Fund 47.3 49.8 — 4.82
Prices on Jan. 9. Next sub. day Jan. 16.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 89.0 92.0 — 13.2
TSBGiltFd.(Jsy.) 89.0 92.0 — 13.2
Prices on January 9. Next sub. day January 16.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share January 7 US$69.11.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share January 7 US$50.35.

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda. 2-2760
Overseas Jan. 9 US$1.28 1.35 — 6.00
(Accum. Units) US$2.21 2.34 — —
Man. Int. Dec. 13 US$3.06 3.22 — —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Jan. 10 £7.95 8.55 — 2.32
(Accum. Shares) £13.25 14.20 — —
American Jan. 10 92.6 99.0 — 3.09
(Accum. shares) [illegible] — —
Far East Jan. 10 [illegible] — 2.00
(Accum. shares) [illegible] — —
European Jan. 10 72.4 78.0 — 2.82
(Accum. Shares) 74.2 79.8 — —
Jersey Fd. Jan. 9 151.8 161.0 — 10.23
(Non-J. Acc. Uts.) 243.4 254.2 — —
Gilt Fund Jan. 9 94.8 96.8 — 12.46
(Accum. Shares) 145.6 148.2 — —
Victory House, Douglas, Isle of Man. 0624 24111.
Managed Dec. 13 138.4 145.8 — —
High Inc. Gilt Jan. 9 100.4 102.4 — 13.50
(Accum Shares) 100.4 102.4 — —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Intenl. Mngd. Fd. US$1.12 — +0.02

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM15.24 16.00 −0.20 —
Uniglobal [illegible] —
Unirak [illegible] —
Unirenta [illegible] —
Unispecial I [illegible] —
Europafonds DM25.25 — —

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund US$103.19 105.58 — 7.80

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Invest. Fund US$12.98 +0.02 —
Net asset value Jan. 14.

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 [illegible]
PanAmer. O's. Fd. US$79.49 — —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Conv. Bd. Jan. 11 US$9.42 +0.05 —
Eng. Int. Jan. 11 US$[illegible] +0.19 —
Gr. St. $Fd. Dec. 31 US$[illegible] — —
Merc. Eurobd. Jan. 9 US$[illegible] — —
Merc. My. Mkt. Jan. 14 £11.56 11.57 +0.02 —

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. C1 0534 37222
CMF Ltd. Dec. 27 US$15.01 15.39 — —
CMT Ltd. Dec. 27 £14.25 14.59 — —
Metal Tst. Jan. 3 £14.74 15.10 — —
SMT Ltd. Jan. 3 £9.98 — —
TMT Jan. 10 US$[illegible] — —
TMT Ltd. Jan. 10 £11.86 12.18 +0.30 —

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust [illegible] 20.00 — —
Wardley Nikko As. Fd. [illegible] — —
Wardley Bond Trust US$9.60 [illegible] — —
Wardley Japan Trust US$10.62 — —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth Fd. US$24.34 +0.04 —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 38.6 39.0 — —

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

MapleLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	62.1	65.4	—	4.30

Mayflower Management Co. Ltd.
14-18, Gresham St., EC2V 7AU. 01-606 8099

Income Jan. 7	96.6	101.7	—	9.81
General Jan. 7	[illegible]	[illegible]	—	[illegible]
Intnl. Jan. 7	42.8	45.1	—	[illegible]

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. Jan. 9	53.2	56.5	—	6.30
Acc. Uts. Jan. 9	72.6	77.2	—	6.30
Merc. Int. Jan. 9	70.3	[illegible]	—	5.64
Acc. Uts. Jan. 9	79.0	84.0	—	5.64
Merc. Ext. Dec. 27	254.4	[illegible]	—	6.30
Accm. Units Dec. 27	318.2	331.4	—	6.30

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	83.0	[illegible]	+2.2	4.63
Do. Accum.	101.2	[illegible]	+2.6	4.63
Overseas Growth	38.7	[illegible]	+0.3	3.36
Do. Accum.	37.7	[illegible]	+0.3	3.36
Capital	25.9	[illegible]	+0.2	4.49
Do. Accum.	29.8	[illegible]	+0.6	5.49
Income	52.1	[illegible]	+1.0	7.51
Do. Accum.	64.1	[illegible]	+1.3	7.51
North American	26.3	[illegible]	—	2.92
Do. Accum.	29.7	[illegible]	—	2.92
High Yield	57.2	[illegible]	+1.1	9.70
Do. Accum.	66.5	[illegible]	+1.3	9.70
Equity Exempt*	104.3	[illegible]	—	6.52
Do. Accum.*	107.1	[illegible]	—	6.52
Japan & Pacific	35.7	[illegible]	+0.8	1.26
Do. Accum.	36.0	[illegible]	+0.8	1.26

*Prices at Jan. 11. Next dealing Jan. 18.

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster Dec. 28	36.8	38.8	—	7.54
Exempt Dec. 31	94.2	98.2	—	6.84

MLA Unit Trust Mangmt. Ltd.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

†Stewart American Fund				
Standard Units	61.2	65.2	+0.4	1.82
Accum. Units	67.3	71.8	+0.5	1.82
Withdrawal Units	43.7	46.6	+0.2	—
*Stewart British Capital Fund				
Standard	144.3	155.0	—	5.70
Accum. Units	163.9	176.1	—	5.70

Dealing †Tues. & Fri. *Wed.

Sun Alliance Fund Mngt. Ltd.
Sun Alliance Hse., Horsham. 0403 64141

Exp. Eq. Jan. 9	£243.00	255.80	—	5.82
♥The Family Fd.	111.2	118.4	+1.8	4.72

Target Tst. Mngrs. Ltd.♥(a)(g)
31, Gresham St., E.C.2. Dealings: 0296 5941.
19, Athol Crescent, Edin. 3. 031-229 8621/2

Commodity	50.9	[illegible]	[illegible]	3.28
Financial	87.4	[illegible]	[illegible]	4.66
Gilt Accum.	123.1	[illegible]	+2.5	3.50
Investment Trust	30.9	[illegible]	[illegible]	4.45
Special Situations	21.8	[illegible]	[illegible]	6.56
American Eagle	29.6	[illegible]	[illegible]	1.93
Pacific Income	23.2	[illegible]	[illegible]	2.64
Pacific Accum.	24.5	[illegible]	[illegible]	2.61
Income	34.5	[illegible]	[illegible]	11.11
Extra Income	53.9	[illegible]	[illegible]	11.55
Preference Share	11.3	[illegible]	—	13.65
Equity	39.9	[illegible]	—	6.71
Growth	30.7	[illegible]	—	5.27
Professional Jan. 15	160.9	[illegible]	—	5.38
Thistle	40.4	[illegible]	+0.7	7.76
Equity Ex. Inc. Jan. 15	205.5	[illegible]	—	7.70
Equity Ex. Accum.	304.2	[illegible]	—	7.70

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX 01-628 2294

Income & Growth	20.7	21.7	—	9.36
Special Situations	26.0	27.3	—	2.75

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT Jan. 2	50.3	53.6	—	6.08

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

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Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

103¾	96	FFI 13pc 1981	98	+¼	13.26	15.19
108¼	94	Do. 14pc '83	95¾	+½	14.65	15.49
86½	77½	ICFC 5½pc Deb. '80-82	83	+1½	6.76	14.08
85	69	Do. 6¼pcDb. '81-84	73½	+1	8.65	14.20
99	79½	Do. 10½pc Uns.Ln. '86	82½xd	.....	12.72	15.08
99	77	Do. 11pc Uns.Ln. '88	81½xd	+½	13.56	
101½	80	Do. 11¾pc Uns.Ln. '90	83xd	.....	14.15	15.10
72½	54½	Do. 7¼pcADeb. '89-92	58	+1	12.74	14.80
69	51½	Do. 7¼pcA Db. '91-94	58½	+1	12.82	14.40
67½	64	Do. 9pc 'A' '91-94	67½	.....	13.96	15.10
78½	61	Do. 8¾pcLn. '92-97	62xd	+1	14.31	14.90
102	85	Do. 12½pc Uns. Ln. 1992	89½	.....	14.48	—

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MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
300	97	Coronation	300	+20	Q54c	2.2	10.3
575	132	Falcon Rh.50c.	570	+5	Q100c	ϕ	12.1
48	11	Rhod'n Corp. 16⅔p	42	......	0.56	6.5	1.9
260	70	Roan Cons. K4	240	+15	Q0.125	ϕ	3.2
67	26	Wankie Col. Rh.1	60	+2	Q9c	1.5	10.3
57	9	Zam.Cpr.SBD0.24	53	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	25	......	—	—	—
17	4	ACM 20c	14	+1	—	—	—
82	50	Bond Corp.	80	......	Q3.75	2.2	2.4
171	100	Bougainville 50 Toea	147	+2	†Q15c	1.0	5.3
236	84	BH South 50c.	236	......	♦—	—	—
£22¼	340	Central Pacific	£22¼	+1¼	—	—	—
318	170	Conzinc Riotinto 50c.	300	+30	NQ10c	2.0	1.7
36	14	Cultus Pacific N.L.	18	......	—	—	—
*40	2½	Eagle Corp. 10c	40	+4	—	—	—
21½	11	Endeavour 20c	20	+1	—	—	—
204	62	G. M. Kalgoorlie 25c	202	+12	Q3c	—	0.8
305	148	Hampton Areas 5p.	275xd	+6½	3.5	2.8	1.8

TINS

COPPER

152	56	Messina R0.50	152	+14	Q10c	ϕ	3.8

MISCELLANEOUS

81	54	Barymin	62	......	—	—	—
14½	10	Burma Mines 17½p	12	......	—	—	—
380	170	Cons. Murch. 10c.	380	+20	Q100c	ϕ	15.1
470	280	Northgate C$1	450	......	—	—	—
362	226	R.T.Z.	360	+5	†11.5	3.4	4.6
31	12	Robert Mines	22	......	—	—	—
65	26	Sabina Inds. C$1.	36	......	—	—	—
880	470	Tara Expln. $1	540	+20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♠ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......
Bertam	16	......
Bdg'wtr. Est. 50p	355	+5
Clover Croft	44	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	9	+2
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	825	......
Higsons Brew	85	+3
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	162	......
Pearce (C. H.)	360	......
Peel Mills	30	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£85¼	+⅛
Nat. 9¾% 84/89	£70¼	......
Fin. 13% 97/02	£94	+⅛
Alliance Gas	66	......
Arnott	340	......
Carroll (P.J.)	53	......
Clondalkin	85	......
Concrete Prods.	83½xd	......
Helton (Hldgs.)	32	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	33	......
T.M.G.	135	......
Unidare	80	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	27
A. Brew	8	"Imps"	8	Unilever	40
BOC Intl.	6	I.C.L.	45	U.D.T.	4
B.S.R.	5	Inveresk	5	Utd. Drapery	10
Babcock	12	KCA	3½	Vickers	18
Barclays Bank	30	Ladbroke	17	Woolworths	6½
Beecham	13	Legal & Gen.	14		
Blue Circle	25	Lex Service	11	**Property**	
Boots	17	Lloyds Bank	24	Brit. Land	7
Bowaters	16	"Lots"	3½	Cap. Counties	9
B.A.T.	25	London Brick	6	Land Secs.	25
Brown (J.)	7½	Lonrho	6	MEPC	17
Burton 'A'	25	Lucas Inds.	20	Peachey	13
Cadburys	5½	"Mams"	15	Samuel Props.	14
Courtaulds	8	Mrks. & Spncr.	10	Town & City	2
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	5	**Oils**	
Dunlop	6	Nat. West. Bank	28	Brit. Petroleum	35
Eagle Star	14	P & O Dfd.	10	Burmah Oil	15
E.M.I.	12	Plessey	10	Charterhall	5
Gen. Accident	21	Racal Elect.	22	Premier	4
Gen. Electric	35	R.H.M.	4½	Shell	30
Glaxo	40	Rank Org.	18	Ultramar	22
Grand Met.	13	Reed Intnl.	17		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	23	Spillers	4½	Charter Cons.	16
G.K.N.	22	Tesco	7	Cons. Gold	32
Hawker Sidd.	16	Thorn	35	Rio T. Zinc	26
House of Fraser	14	Trust Houses	14		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday January 15 1980

U.S. presses for Olympic boycott

BY OUR FOREIGN AND PARLIAMENTARY STAFF

THE U.S. is exploring with its allies the possibility of trying to switch the 1980 Olympic Games from Moscow or boycotting them.

President Carter, said by officials in Washington to be undecided on this, has sent Mr. Warren Christopher, deputy Secretary of State, to assess the European attitude towards such moves in his tour of capitals this week.

Britain would be prepared to join in a boycott of the Moscow Olympics as part of a co-ordinated campaign by the West against Russia over the invasion of Afghanistan. The idea was among retaliatory measures discussed yesterday by Mr. Christopher and the Prime Minister.

The boycott, which it is felt could deal a severe blow to Russia's prestige, is also likely to be discussed today in Brussels at meetings of the Foreign Ministers of the EEC and of the NATO Council.

The EEC Ministers may also consider refusing to renew the existing privileged loan facilities that Russia receives from some member states, as well as reviewing the terms on which Russia has in the past been able to buy the community's surplus food stocks at a subsidised price.

Bot the UK's desire for concrete action to drive home the message that the Nine are not prepared meekly to accept Russia's military excursion could well highlight emerging divisions between EEC members.

While EEC Foreign Ministers seem certain to agree on a fairly condemnatory statement for delivery to the European Parliament on Wednesday, there is no guarantee that agreement will be reached on any programme of action yet.

In the first statement to MPs in London on the Afghanistan situation, Mr. Douglas Hurd, Minister of State at the Foreign Office with particular responsibility for the Middle East, made it clear yesterday that the Government was in favour of tough steps being taken against Russia.

To be effective, he emphasised, such measures would have to be taken on a concerted basis by all the major western nations.

French union of Left at risk. Page 2
Pakistan says U.S. aid not enough. Page 3
Japan resume Soviet pipe talks. Page 4

The Soviet Union's invasion of Afghanistan had, he said, made the Government examine the whole state of its relations with Russia. Only by taking tough action now would the West prevent a repetition of events in Afghanistan.

Pressed by backbenchers on both sides of, the House Mr. Hurd said that the idea of moving the games from Moscow was an "important possibility" which would have to be considered.

Although he stressed that the Government did not have the power to prevent athletes going to Moscow, their attendance would have to be considered in the context of events in Afghanistan.

For Russia the games were a major political event. Both the Americans and the British Government apparently believed that a boycott of the Olympics could be counter-productive if the West was unable to present a united front.

Mr. Hurd was reluctant to discuss specific retaliatory measures which would be on the agenda of the two meetings in Brussels today.

Sir Ian Gilmour, Lord Privy Seal, is expected in Brussels to argue for an indefinite suspension of butter sales to the Soviet Union and the possible withdrawal of export credit by the Nine.

The indications are that this is further than France and Denmark are prepared to go, and they could well be supported by West Germany in urging more time for reflection.

Meanwhile, ministers will confirm their support for the pledge already given by the European Commission that it will not boost grain sales to the Soviet Union.

The State Department in Washington would not confirm reports that the U.S. had offered Pakistan a two-year package of economic and military aid worth $400m, in talks with senior Pakistani officials at the weekend.

Lord Carrington, the Foreign Secretary, yesterday left Saudi Arabia for a two-day visit to Pakistan.

At the end of Lord Carrington's visit to Riyadh, Prince Saud, the Foreign Minister, firmly rejected any U.S. troop presence in the Gulf in the wake of the Afghanistan invasion.

EEC to investigate alleged dumping of U.S. fertilisers

BY GILES MERRITT IN BRUSSELS AND SUE CAMERON IN LONDON

U.S. FERTILISER producers are to be the target of an anti-dumping investigation by the European Commission. Emergency anti-dumping duties could be imposed pending the results of the inquiry.

The move results from an unresolved EEC-U.S. dispute over how U.S. exporters benefit unfairly from cheaper oil and gas. It already involves petrochemicals and man-made fibres for textiles.

The Brussels Commission's consultative anti-dumping committee is due to meet later this month to examine the formal application for an investigation which has been drawn up by the CMC Engrais umbrella federation of the fertiliser producer associations of the Nine.

In the view of some Commission officials a prima facie case is understood to exist against U.S. fertiliser companies, and many of these are understood to be cited in the CMC complaint.

The inroads that U.S. producers have recently made into EEC fertiliser markets allegedly result in part from U.S. price controls on oil and gas, which enable the American industry to derive ammonia from low cost methane. Clear-cut cases of dumping on the back of that advantage are being claimed.

The expected launching of the EEC anti-dumping investigation is likely to add to existing tension in EEC-U.S. trade relations caused by European man-made fibre producers' complaints that cheaper U.S. petrochemical feedstocks are permitting American companies to swamp Europe's synthetic fibre market.

Talks aimed at finding a solution to the man-made fibres dispute resumed yesterday in Geneva between the EEC Commission and the U.S. authorities. The governments of the Nine have warned that next month the Council of Ministers will examine special curbs on U.S. fibres if no agreement has been reached.

The expected anti-dumping investigation will be into liquid straight nitrogen fertiliser only. This forms a comparatively small part of the European fertiliser market, but it is an important sector of the liquid fertiliser business.

Exports of straight liquid nitrogen fertiliser from the U.S. to Europe are believed to have increased steadily in the last 18 months. The UK has not been particularly hard hit but some French and German producers are said to have lost as much as 25 per cent of their domestic markets to imports from the U.S.

There are claims that U.S. producers' costs are sometimes only half those of their European counterparts. Nearly all nitrogenous fertilisers are derived from ammonia, which in turn is usually made from gas.

According to U.S. International Trade Commission figures the cost of gas accounted for 64 per cent of the costs of ammonia production in the U.S. in 1973. But during 1978 the average cost of natural gas in the U.S. was $1.40 for 1,000 cubic feet. The average cost of gas in Europe at the time was $3-$3.5.

BP puts 4p on petrol

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM is to raise the wholesale price of petrol and other oil products by up to 4p a gallon. The increase, which takes effect today, is the second to be applied by the group in a little over a fortnight.

It means that motorists buying BP and National petrol will have to pay about 5p a gallon more after adjustments in taxation and dealer margins. The average price of BP and National petrol will rise to £1.24 a gallon—an increase of nearly 60 per cent in the past year.

Other companies are expected to follow suit within the next few days as they pass on the increases in the new crude oil prices fixed during and after the Organisation of Petroleum Exporting Countries meeting in December.

The new level of North Sea crude oil prices has still to be settled, but BP has set the pattern by charging its customers—mostly its own refinery operations—a reference price of $29.75 per barrel.

This price, for high quality oil produced from the Forties field, is being backdated to January 1. It is some $3.73 more than the previous price.

It remains to be seen whether other companies fall into line. If they do, Britain will be regarded in the international oil community as a pricing moderate. Comparable crude oil produced by African countries is being sold for between $30 and $34.72.

The biggest trader of UK oil—British National Oil Corporation—has yet to agree new prices with other North Sea producers. It is known, however, that it too favours a reference price of $29.75 which, it claims, maintains the traditional pricing differential between North Sea crudes and oil exported by Nigeria (now priced at around $30 a barrel).

The corporation said last night: "We note the new price set by BP and it is identical to our own evaluation of Forties-type crude, given current market conditions."

In general the moderate pricing line is being taken by those companies which use North Sea oil in their own refineries, like BP, Shell and Esso.

Smaller companies with no UK refining outlets—such as Amerada Hess, Texas Eastern, Tricentrol and Hamilton Brothers—have been pressing for higher prices, claiming that the levels set by Algeria (around $33 a barrel including a $3 exploration fee) and by Libya (up to $34.72) provide a truer indication of the market value of North Sea crudes.

The pricing issue may well be put to an independent panel of experts for settlement.

Some refiners might await the outcome of North Sea price negotiations before deciding on the pricing levels of refined products.

Shell, one of the UK market leaders for oil producers, said that its prices were under review. Esso, another market leader which takes nearly 50 per cent of its UK oil supplies from the North Sea, also said that while it had no immediate plans for raising prices, the position was being reviewed constantly.

Export leasing curbs proposed

BY DAVID FREUD

STRICT NEW controls on export leasing were proposed yesterday by the Inland Revenue in a consultative document.

The Revenue proposes that machinery or plant with more than 25 per cent foreign content be considered foreign, and therefore not carry tax benefits if leased abroad.

It would remove tax incentives where a leased asset passes to a non-resident within four years.

Until October 23, when exchange controls were abolished, the Bank of England had used its discretionary powers under exchange control legislation to prevent UK tax incentives being used to support leasing abroad of foreign equipment.

The Chancellor said in October that new legislation, backdated to the abolition of controls, would be introduced in the 1980 Budget to plug the gap.

Total business in export leasing is estimated at about £50m. It has grown rapidly in the last year or two.

The main assets are computers, industrial machinery, ships and aircraft.

The computer industry in particular—heavily reliant on both leasing and bought-in components from abroad—might be hit by strict interpretation of the Revenue's definition of British manufacture.

Another tricky area would be shipping, where complicated foreign leasing arrangements are commonplace.

The leasing trade is worried by the transfer of responsibility from the Bank, which used its discretion to encourage commercial interests, to the Revenue, which it expects will use the specific rules inflexibly.

As expected, the main provision of the legislation would be to reduce first-year capital allowances from 100 to 25 per cent for capital expenditure incurred on provision of foreign plant or machinery under a finance lease to a non-resident end-user.

Foreign machinery is defined as manufactured outside the UK or "manufactured in the UK if 25 per cent or more of the cost to the lessor (exclusive of VAT) is attributable to components manufactured overseas, or other work done in connection with the asset outside the UK."

The Revenue document includes a specific proposal to withdraw the 100 per cent first-year allowances where expenditure ceases to meet the requirements of the provisions within four years.

William Hall, Shipping Correspondent, writes: The shipping industry is keen to ensure that any new legislation does not disrupt the status quo on the use of first-year allowances in leasing transactions.

There is a danger that unless the legislation is carefully drafted normal ship charters will be confused with leasing agreements, which could have adverse effects on charter rates.

The General Council of British Shipping has raised the matter with the Inland Revenue, and appears fairly confident that the authorities will be flexible in their approach.

Guy de Jonquières adds: Major computer companies with operations in the UK declined to comment on the proposal till they had studied it further. Initial reaction was that the changes envisaged would probably have only marginal consequences for most manufacturers.

Though the proportion of non-British components in computers made in the UK is in many cases higher than the specified 25 per cent, most companies are believed to rely on subsidiaries in the country concerned to handle leasing arrangements with overseas customers.

Wm. Press accused of tax fraud

BY ANDREW TAYLOR

WILLIAM PRESS, the construction and engineering group, was accused yesterday of defrauding the Inland Revenue by "dressing-up" large sections of its workforce as "labour-only sub-contractors" to avoid paying tax.

The allegations were made at a special court at Caxton Hall, London, where committal proceedings opened against the company and 11 of its executives, including Mr. Raymond Daniels, managing director, and Mr. Alan Gravelius, finance director.

The 11 are accused of conspiracy to defraud the Inland Revenue. Two other men, Mr. Brian Buckley, the company's tax manager, and Mr. Edward Swaysland, of Tansley Witt, the firm's auditors, are accused of false accounting.

The committal proceedings, which are seen as having important implications for the construction industry, are expected to last at least three weeks.

Mrs. Barbara Mills, prosecuting, said between 1972 and 1975 William Press deliberately dressed-up its workforce in Scotland and elsewhere to make it appear that workers were supplied by independent labour-only sub-contractors, instead of being on the Press payroll. By doing this the company was able to pay its workers without deducting tax.

"The object of this exercise was simple: the evasion of tax," said Mrs. Mills, who described the labour-only sub-contracting firms as "fiction" and "shell" companies.

"The person operating the company got a cut of 10 per cent, or thereabouts, for providing this service. The company then disappeared and no tax was ever paid."

Mrs. Mills also alleged that weekend and overtime payments for Pay-As-You-Earn employees on the Press payroll had been processed through these companies, so that although workers "were paid net for their basic week, their other money was gross."

The company had been able to remain competitive by keeping its costs down and also had a contented workforce. "The only loser was the Inland Revenue."

Mrs. Mills said: "The company's auditors — Tansley Witt —were well aware of the fraud but took no steps to draw this to the attention of the board of directors, the shareholders or the Inland Revenue."

The extent of the fraud was open to argument, but a note in the company's accounts suggested that the figure was not likely to exceed £2m.

Mr. Michael Neligan, for the company, said that while Press did not accept any liability, an independent accountant had calculated that any liability over the period in question would be about £378,000. Given the size of the company's turnover this could not be described as "anywhere near substantial."

Mrs. Mills said legislation in the 1971 Finance Act had been designed to defeat abuses of the "lump" system of paying construction workers as labour-only sub-contractors.

To avoid this dozens of limited liability companies had been established in the industry. William Press "had used this legislation to pay sham companies with no workforce so that the companies would then pass the money on to the William Press workforce without deduction of tax."

Weather

London, S.E. and Cent. S. England, Channel Isles
Cloudy, rain, sleet or snow, bright intervals later. Max. 3C (37F).

E., Cent. N. and N.E. England
Snow over high grounds, bright intervals. Max. 3C (37F).

Midlands, S.W. England, S. Wales
Dry, sunny intervals. Max. 4C (39F).

N. Wales, N.W. England, Lakes, I. of Man, Edinburgh, Dundee, Glasgow, N. Ireland
Sunny intervals, wintry showers. Max. 3C (37F).

Outlook: Cold

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Lisbon	C	8	46
Algiers	C	11	52	Locarno	F	0	32
Amsdm.	C	−2	28	London	Sn	−2	28
Athens	C	5	41	Luxmbg.	S	−6	21
Bahrain	S	20	68	Luxor	S	23	73
Barclna.	C	10	50	Madrid	F	5	41
Beirut	R	13	55	Majorca	R	9	48
Belfast	R	3	37	Malaga	R	7	45
Belgrd.	S	−10	14	Malta	S	16	61
Berlin	S	−5	23	Mchstr.	Sl	1	34
Biarritz	S	3	37	Melbne.	C	20	68
Bmghm.	R	−2	28	Mex. C.	S	23	73
Blackp'l	C	4	39	Milan	F	−3	27
Bordx.	S	1	34	M'ntreal	C	0	32
Boulgn.	C	−3	27	Moscow	Sn	−2	28
Bristol	Fg	−2	28	Munich	S	−9	16
Brussels	S	−2	28	Nairobi	S	25	77
Bdpst.	Sn	−15	5	Naples	S	11	52
B. Aires	S	28	82	Nwcstl.	Sl	3	37
Cairo	S	19	66	N. York	C	7	45
Cardiff	Fg	0	32	Nice	R	7	45
Cas'b'ca	F	11	52	Oporto	S	11	52
Cape T.	S	28	82	Oslo	F	−2	28
Chicago	S	4	39	Paris	S	−4	25
Cologne	S	−2	28	Perth	S	29	84
Cpnhgn.	F	−3	27	Prague	Fg	−13	9
Corfu	F	9	48	Reykjvk.	F	−5	23
Dublin	F	4	39	Rhodes	S	11	52
Dbrvnk.	S	9	48	Rio J'o	C	26	79
Ednbgh.	C	3	37	Rome	F	12	54
Faro	F	9	48	Salzb'rg	F	−8	18
Florence	F	8	46	Singapr.	S	30	86
Frankf't	S	−5	23	Stckhm.	F	2	36
Funchal	C	14	57	Strasb'g	S	−5	23
Geneva	C	−3	27	Sydney	R	21	70
Gibrltr.	R	7	45	Tangier	R	8	46
Glasgow	F	4	39	Tehran	R	4	39
G'rnsey	C	3	37	Tel Aviv	C	15	59
Helsinki	C	1	34	Tokyo	C	6	43
H. Kong	C	13	55	Toronto	C	3	37
Innsbr'k	S	−6	21	Tunis	F	15	59
Invrnss.	S	3	37	Valencia	Th	9	48
I.o.Man	C	5	41	Venice	S	1	34
Istanbul	F	0	32	Vienna	Sn	−10	14
Jersey	C	0	32	Warsaw	S	−4	25
Jo'burg	S	25	77	Zurich	C	−4	25
L. Plms.	F	17	63				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Unions plan ballot at BL Cars

By Arthur Smith, Midlands Correspondent

UNION leaders at BL Cars decided yesterday to ask members whether to accept fundamental changes in working practices already described by them as "totally unacceptable."

Mr. Grenville Hawley, national automotive secretary of the Transport and General Workers Union, said the unions hoped to organise a ballot of the 90,000 workforce in the next two weeks. They would recommend rejection of the company's 5 per cent pay offer plus a self financing incentive scheme which could yield additional earnings of up to £15 a week.

The resort to a ballot—the fifth in only two years of the BL Car workers—underlines the uncertainty of union leaders about the extent of opposition.

BL management has made no secret that proposed changes in work methods represent an attack on the power of shop stewards to control manning levels and the pace of work. The company will undoubtedly say that without such changes it would be difficult to press ahead with investment programmes and retain BL Cars in its present form.

Mr. Geoffrey Armstrong, employee relations director, said last night he believed the workforce was sufficiently realistic not to consider staging industrial action to oppose the changes.

Employees voted by 2-1 nearly two years ago to reject a similar incentive scheme which offered increases of up to £8 a week.

But the industrial climate has changed dramatically and there are serious fears among the workforce about future employment.

THE LEX COLUMN

Gilt-edged with the taps off

On the Stock Exchange at least, the orders were getting through yesterday—nobody was picketing the jobbers' pitches. Another very strong session in gilt-edged was matched by an enthusiastic equity market. The All-Share Index has now risen by 7 per cent in a fortnight (the 30-Share by 11 per cent), and nervous fund managers have been scrambling to get in. Shortage of stock has made for even more volatile conditions.

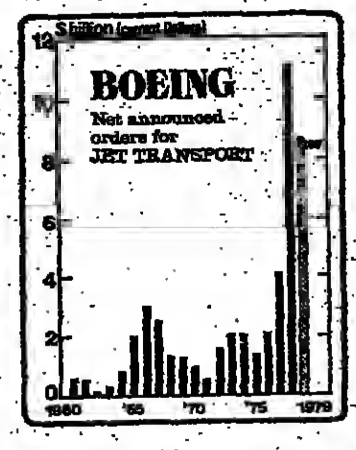
Gilts seem to have received more attention from overseas buyers — sterling was very strong yesterday—and the dull December retail sales figures were an encouraging pointer to a slowing economy. But the real excitement in gilt-edged stems from the absence of any tap stock and the hope that the radical improvement in the public sector's finances in the last quarter of the year will mean light funding from now on.

If only because the Public Sector Borrowing Requirement seems to be overshooting by £½bn or so, one more long tap, as well as the remnants of the high taxpayers' stock Exchequer 3 per cent 1984, will have to be sold to bring money supply growth back within the target range and keep it there.

But there is no reason why the authorities should not be more aggressive and take the chance to sell more stock while they can, aiming for the middle of the target range rather than the top. There could be a further partly-paid long with calls stretching into April and May, and the short end of the market may not escape entirely. Heavy gilt-edged redemptions are coming up: £1bn of Treasury 9 per cent 1980, already being bought in by the authorities, matures in March, and £1.1bn of Treasury 9½ per cent 1980 in May.

Unless the general expectation that Minimum Lending Rate will not be brought down until the Budget is too cautious, the scope for gilt-edged over the next two months may be limited. After yesterday's strength in the long-dated stocks, the backward slope of the yield curve has become pronounced; the longs may soon begin to be held back by the shorts, as the shorts are held back by dear money.

Index rose 10.6 to 445.8



Boeing

Boeing's listing on the London stock exchange was the occasion for a public relations jamboree yesterday, and the enthusiasm seems to be justified. At the beginning of 1978, the company had an orders backlog of $5.9bn and was making 15 aeroplanes a month: today the backlog is around $17bn, and monthly production is up to 28. Brokers Grieveson Grant, who sponsored the London listing, estimate that as a result earnings per share will rise from $4.91 in 1978 to $7.85 in 1979 and $9.00 in the current year—and some Wall Street projections run higher than that.

The key lies in the major re-equipment programme now being undertaken by the world's airlines, with normal cyclical patterns of demand being exaggerated by the impact of soaring fuel costs on the viability of inefficient aircraft. Boeing's great strength lies in its ability to offer a full range of commercial jets, and in its enormously strong balance sheet. With shareholders' funds of $1.8bn, almost no long term debt, and cash plus short term deposits of around $2.4bn, its ability to finance an ambitious development programme is not in doubt.

Profit margins are likely to come under pressure next year and in 1982, as deliveries start to build up on the 767, which is seen as Boeing's high volume aeroplane of the 1980s. But thanks in part to the continued demand for the highly profitable 747, U.S. analysts expect earnings to show further progress in both those years, and to benefit thereafter as development spending starts to tail back.

Although it is probable that only about a tenth of the group's earnings stem from military work, the shares have risen around a sixth this year along with other defence stocks. They currently stand at about $58, and seem reasonably priced.

Export leasing

After years of discretionary controls over export leasing exercised by the Bank of England, the Inland Revenue has now proposed a clear legislative frame-work in which to operate. Many in the industry will regret the Bank's loss of influence in this field since it could often be persuaded of the commercial advantage to the UK economy of particular transactions. The Revenue will not be so accommodating.

The rules governing export leasing are to be toughened in several areas in the move from vague substance to the form required by specific legislation. Perhaps the most questionable proposal is the 25 per cent limit on foreign content above which a piece of equipment is treated as entirely foreign. The computer industry could be one potential area of difficulty, but if the trend to greater international manufacturing specialisation continues, a wide range of items could exceed the threshold.

The Revenue document has implications for the whole of the leasing industry in that it provides for the first time a working definition of a financial lease. This goes beyond the formula of the Accounting Standards Committee, due to be published shortly in an Exposure Draft. Since the Revenue definition will undoubtedly be used in future — long-overdue — legislation to cover general leasing, the industry should take the warning to heart.

Bowring

Bowring's response to the unwelcome attentions of Marsh and McLennan is wholly predictable — it does not think a takeover bid would be in the best interests of its clients or employees. Its shareholders get a mention, too. The next step presumably will be for Marsh to go over the Bowring Board's head with a firm takeover bid. That would pose an interesting problem for the Office of Fair Trading. It is quite possible that other UK brokers will be up for grabs by U.S. companies if Marsh is allowed to go ahead with a bid. If the result seemed likely to be a radical change in the character of the London insurance market, then questions of public interest would be involved. Just to make sure that no one has missed the point, Bowring says that a Marsh bid would raise "serious questions of public policy which must be considered by the relevant authorities."

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